

(Published by the Authority of the City Council of the City of Chicago)

COPY



**JOURNAL of the PROCEEDINGS
of the
CITY COUNCIL
of the
CITY of CHICAGO, ILLINOIS**

Regular Meeting—Monday, November 24, 1986

at 12:00 P.M.

(Council Chamber--City Hall--Chicago, Illinois)

OFFICIAL RECORD.

HAROLD WASHINGTON
Mayor

WALTER S. KOZUBOWSKI
City Clerk

Attendance at Meeting.

Present -- Honorable Harold Washington, Mayor, and Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Orr, Stone.

Absent -- Aldermen Vrdolyak, Laurino.

Call to Order.

On Monday, November 24, 1986 at 2:15 P.M. (the hour appointed for the meeting was 12:00 P.M.) Honorable Harold Washington, Mayor, called the City Council to order. The clerk called the roll of members and it was found that there were present at that time: Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Orr, Stone -- 47.

Quorum present.

Invocation.

Deacon Thomas B. Ewers, St. Denis Church, opened the meeting with prayer.

At this point in the proceedings, Mayor Harold Washington noted that it was Alderman Stone's birthday. Thereupon, all present sang "Happy Birthday" to Alderman Stone, who gratefully acknowledged the kindness expressed.

REPORTS AND COMMUNICATIONS FROM CITY OFFICERS.

Referred -- MAYOR'S APPOINTMENT OF MR. JAMES WRIGHT
AS MEMBER OF ILLINOIS INTERNATIONAL
PORT DISTRICT.

Honorable Harold Washington, Mayor, submitted the following communication, which was, at the request of two aldermen present (under the provisions of Council Rule 43), *Referred to the Committee on Ports, Wharves and Bridges*:

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- I have appointed James Wright as a member of the Illinois International Port District to succeed Everette V. Harris for a term ending June 1, 1988.

Your favorable consideration of this appointment will be appreciated.

Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- WITHDRAWAL OF MAYOR'S APPOINTMENT OF
MS. THELMA SMITH AS MEMBER OF BOARD OF
TRUSTEES OF COMMUNITY COLLEGE
DISTRICT NUMBER 508.

Honorable Harold Washington, Mayor, submitted the following communication, which was, *Referred to the Committee on Education*:

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- I hereby withdraw the nomination of Thelma Smith as a member of the Board of Trustees of Community College District No. 508 submitted to the City Council on May 14, 1986:

Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- WITHDRAWAL OF MAYOR'S APPOINTMENT OF
REVEREND JORGE MORALES AS MEMBER OF
ILLINOIS INTERNATIONAL PORT
DISTRICT.

Honorable Harold Washington, Mayor, submitted the following communication, which was, *Referred to the Committee on Ports, Wharves and Bridges*:

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- I hereby withdraw the nomination of Reverend Jorge Morales as a member of the Illinois International Port District submitted to the City Council on August 28, 1986.

Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- AMENDMENT OF ORDINANCE AUTHORIZING INDUSTRIAL
REVENUE BONDS FOR PROJECT BY 811 WEST
EVERGREEN PARTNERSHIP.

Honorable Harold Washington, Mayor, submitted the following communication, which was, together with the proposed ordinance transmitted therewith, *Referred to the Committee on Finance*:

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- At the request of the Commissioner of the Department of Economic Development, I transmit herewith an ordinance amending an ordinance adopted December 23, 1985, authorizing and providing for the issuance of industrial revenue bonds in the amount of \$1,496,000 for the financing of a project by 811 West Evergreen Partnership.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- AUTHORIZATION TO APPLY TO AND ACCEPT FROM
UNITED STATES DEPARTMENT OF JUSTICE, GRANTS
OF FUNDS FROM DISPOSITION OF PROPERTY
FORFEITED AS RESULT OF ACTIONS BY
CHICAGO POLICE DEPARTMENT.

Honorable Harold Washington, Mayor, submitted the following communication, which was, together with the proposed ordinance transmitted therewith, *Referred to the Committee on Finance*:

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- At the request of the Superintendent of Police, I transmit herewith an ordinance authorizing the Superintendent to apply for and to accept grants from the United States Department of Justice, of funds from the disposition of property forfeited as a result of investigations and arrests conducted by the Chicago Police Department and federal law enforcement agencies.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- EXECUTION OF REDEVELOPMENT AND LOAN
AGREEMENT WITH GUYON ASSOCIATES FOR
RENOVATION OF FORMER
GUYON HOTEL.

Honorable Harold Washington, Mayor, submitted the following communication, which was, together with the proposed ordinance transmitted therewith, *Referred to the Committee on Finance*:

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- At the request of the Commissioner of the Department of Housing, I transmit herewith an ordinance authorizing the execution of a Redevelopment and Loan Agreement whereby \$1,000,000 in Illinois Development Action Grant funds will be loaned to Guyon Associates for the renovation of the former Guyon Hotel, located at 116 North Pulaski, Chicago, Illinois.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- EXECUTION OF REDEVELOPMENT AGREEMENT WITH
O.S.I. INDUSTRIES, INCORPORATED FOR LAND COST
WRITE-DOWN TO ASSIST IN PURCHASE
OF PROPERTY LOCATED AT 4545
SOUTH RACINE AVENUE.

Honorable Harold Washington, Mayor, submitted the following communication, which was, together with the proposed ordinance transmitted therewith *Referred to the Committee on Finance*:

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- At the request of the Commissioner of the Department of Economic Development, I transmit herewith an ordinance authorizing the Commissioner to enter into and execute on behalf of the City of Chicago a Redevelopment Agreement with O.S.I. Industries, Inc. for a land cost write-down in the amount of \$.50 per square foot, to be determined by a plat of survey before closing, to assist the company in the purchase of property located at 4545 South Racine Avenue.

Your favorable consideration of this ordinance will be appreciated.

Sincerely,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- MUNICIPAL CODE CHAPTERS 200.6 AND 200.7
AMENDED CONCERNING MOTOR
VEHICLE LESSORS.

Honorable Harold Washington, Mayor, submitted the following communication, which was, together with the proposed ordinance transmitted therewith, *Referred to the Committee on Finance*:

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- I transmit herewith an ordinance exempting from the Chicago Sales/Use Tax the purchase or use of motor vehicles by motor vehicle lessors and increasing the Motor Vehicle Lessor Tax.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- EXECUTION OF INTERNATIONAL TERMINAL/TERMINAL 4
FACILITIES LEASE WITH MCCLAIN AIRLINES,
INCORPORATED AT CHICAGO-O'HARE
INTERNATIONAL AIRPORT.

Honorable Harold Washington, Mayor, submitted the following communication, which was, together with the proposed ordinance transmitted therewith, *Referred to the Committee on Aviation*:

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- At the request of the Commissioner of the Department of Aviation, I transmit herewith an ordinance authorizing the Mayor to execute an International Terminal/Terminal 4 Facilities Lease with McClain Airlines, Inc. for premises at Chicago O'Hare International Airport.

Your favorable consideration of this ordinance will be appreciated.

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COMMUNICATIONS, ETC.

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Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- EXECUTION OF INTERNATIONAL TERMINAL/TERMINAL 4
FACILITIES LEASE WITH AMERICAN TRANS AIR,
INCORPORATED AT CHICAGO-O'HARE
INTERNATIONAL AIRPORT.

Honorable Harold Washington, Mayor, submitted the following communication, which was, together with the proposed ordinance transmitted therewith, *Referred to the Committee on Aviation*:

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- At the request of the Commissioner of the Department of Aviation, I transmit herewith an ordinance authorizing the Mayor to execute an International Terminal/Terminal 4 Facilities Lease with American Trans Air, Inc. for premises at Chicago O'Hare International Airport.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- EXECUTION OF AGENCY AND PARTICIPATION
AGREEMENT BETWEEN CITY OF CHICAGO AND
STATE OF ILLINOIS FOR AIRPORT
IMPROVEMENTS AT MIDWAY
AIRPORT.

Honorable Harold Washington, Mayor, submitted the following communication, which was, together with the proposed ordinance transmitted therewith, *Referred to the Committee on Aviation*:

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- At the request of the Commissioner of the Department of Aviation, I transmit herewith an ordinance authorizing the Mayor to execute an Agency and Participation Agreement between the City of Chicago and the State of Illinois for airport improvements at Chicago Midway Airport.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- AUTHORIZATION FOR EXECUTION OF REVISED
AGENCY AND PARTICIPATION AGREEMENT BETWEEN
CITY OF CHICAGO AND STATE OF ILLINOIS
FOR AIRPORT IMPROVEMENTS
AT MIDWAY AIRPORT.

Honorable Harold Washington, Mayor, submitted the following communication, which was, together with the proposed ordinance transmitted therewith, *Referred to the Committee on Aviation:*

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- At the request of the Commissioner of the Department of Aviation, I transmit herewith an ordinance authorizing the Mayor to execute a Revised Agency and Participation Agreement between the City of Chicago and the State of Illinois for airport improvements at Chicago Midway Airport.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- MUNICIPAL CODE CHAPTER 101, SECTION 101-5
AMENDED CONCERNING PROCEDURES FOR
ISSUANCE OF BUSINESS LICENSES.

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COMMUNICATIONS, ETC.

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Honorable Harold Washington, Mayor, submitted the following communication, which was, together with the proposed ordinance transmitted therewith, *Referred to the Committee on License:*

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- I transmit herewith an ordinance amending Chapter 101, Section 101-5 of the Municipal Code of Chicago, relating to procedures for the issuance of business licenses.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

Referred -- MUNICIPAL CODE CHAPTER 104.1, SECTION
104.1-4 AMENDED CONCERNING PROCEDURES FOR
ISSUANCE OF AMUSEMENT LICENSES.

Honorable Harold Washington, Mayor, submitted the following communication, which was, together with the proposed ordinance transmitted therewith, *Referred to the Committee on License:*

OFFICE OF THE MAYOR
CITY OF CHICAGO

November 24, 1986.

To the Honorable, The City Council of the City of Chicago:

LADIES AND GENTLEMEN -- I transmit herewith an ordinance amending Chapter 104.1, Section 104.1-4 of the Municipal Code of Chicago, relating to procedures for the issuance of amusement licenses.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,
(Signed) HAROLD WASHINGTON,
Mayor.

**City Council Informed As To Miscellaneous
Documents Filed In City Clerk's Office.**

Honorable Walter S. Kozubowski, City Clerk, informed the City Council that documents have been filed in his office relating to the respective subjects designated as follows:

*Placed on File -- APPROVAL BY CHICAGO PLAN COMMISSION
AND DEPARTMENT OF PLANNING OF
CERTAIN PROPOSALS.*

Copies of resolutions adopted by the Chicago Plan Commission on November 13, 1986, and reports of the Department of Planning, approving the following proposals, which were *Placed on File*:

Department of Housing, City Real Estate Section.

Disposition of Vacant City-Owned Properties.

Referral Number	Address
86-169-02	2246 West Jackson Boulevard
86-152-02	817 North Milwaukee Avenue
86-165-02	224 North California Avenue
86-166-02	212 North Parkside Avenue
86-178-02	6646 -- 6654 South Kenwood Avenue
86-194-02	535 North Albany Avenue
86-220-02	23 Vacant properties to be disposed under Phase VIII of the Adjacent Neighbors Land Acquisition Program
86-221-02	1858 North Washtenaw Avenue/2701 -- 2711 West Cortland Street
86-222-02	1314 West Ohio Street
86-224-02	2444 -- 2454 West Roosevelt Road
86-225-02	1344 South Pulaski Road
86-226-02	1634 South Troy Street/3139 West Ogden Avenue
86-227-02	2300 -- 2312 South Michigan Avenue/31 -- 65 East 23rd Street
86-228-02	337 West 37th Street
86-229-02	3847 South Indiana Avenue
86-230-02	4725 -- 4727 South Drexel Boulevard
86-231-02	4735 -- 4739 South Drexel Boulevard
86-236-02	1256 North Artesian Avenue
86-237-02	1241 South Tripp Avenue
86-238-02	1251 South Tripp Avenue
86-239-02	1501 -- 1507 South Kedvale Avenue/4115 -- 4121 West 15th Street

Referral Number	Address
86-240-02	1505 South Karlov Avenue
86-241-02	1513 -- 1515 South Karlov Avenue
86-242-02	1002 East 41st Place/4107 South Ellis Avenue
86-243-02	12149 South Peoria Street
86-247-02	3801 South Indiana Avenue

Department of Economic Development.

Referral Number	Proposal
86-234-20	Amendment No. 1 to the Designation Report for Blighted Commercial Area, 63rd-Kedzie
86-235-20	Amendment No. 1 to the Redevelopment Plan for Blighted Commercial Area, 63rd-Kedzie
86-244-20	Redevelopment Plan for Blighted Commercial Area, 63rd-Campbell.

Placed on File -- REPORT OF VOUCHER PAYMENTS FOR
PERSONAL SERVICES FOR MONTH OF
OCTOBER, 1986.

The City Clerk transmitted the following report received from Mr. Ronald D. Picur, City Comptroller, which was *Placed on File* and ordered published:

[Voucher payments printed on page 37044 of this Journal.]

City Council Informed As To Certain Actions Taken.

PUBLICATION OF JOURNAL.

(Continued on page 37045)

PERSONAL SERVICES PAID BY VOUCHER FOR OCTOBER 1986

NAME	ADDRESS	DEPARTMENT	TITLE	ACCOUNT	RATE	P/H Sept. & Oct. Sept.	OCT. 1986
Epps, Karen	10104 S. Lowe	Consumer Services	Farmer's Mkt. Asst. Mgr.	100	4.50	157.50	
Francis, Sherese	5537 N. Glenwood	"	"	"	4.50	63.00	
Fuller, Malcolm	3617 S. Michigan	"	"	"	4.50	189.00	
Miceli, Brian	4418 W. Wilson	"	"	"	4.50	317.50	
Miller, Lloyd	809 E. 101st St.	"	"	"	4.50	184.50	
Phillips, Jeffery	8240 S. Colfax	"	"	"	6.00	747.00	
Trevison, Catherine	303 E. Chicago Av.	"	"	"	4.50	72.00	
Tweedle, Miisha	3001 S. King Dr.	"	"	"	4.50	189.00	
Wallace, Earl A.	1616 N. Mayfield	"	"	"	5.00	525.00	
Clancy, John P.	3717 N. Plainfield	"	"	"	5.00	508.32	
Dawson, Vernon	10733 Avenue N	Fire	Fireman	"	3,768.92	3,768.92	
Evans, George	6730 S. Shore	"	Marine Boat Pilot	"	230.00	230.00	
Grovic, Carla	4417 N. Ashland	"	Fireman	"	1,462.46	1,462.46	
Kelly, Edward T.	515 W. 40th Pl.	"	"	"	3,826.14	3,826.14	
Mrozek, James P.	6604 N. Onarga	"	"	"	265.86	265.86	
O'Donnell, Bernard	5622 N. Kedvale	"	"	"	496.44	496.44	
Schillo, Robert	5146 W. Patterson	"	"	"	79.92	79.92	
Smith, Edward	10618 S. Sacramento	"	Engineer	"	7,754.69	7,754.69	
Bennett, Ken Williams	17 W. 109th St.	Mayor's Ofc.	Clerk	"	5.59	1,252.16	
Clark, Kimberly D.	719 E. 84th	"	Staff Assistant	"	9.04	2,820.48	
Waits, Felicia	5636 S. Hoyne	"	"	"	15,072.00	1,392.16	
Woodard, Helen T.	6920 S. Grandon	"	"	"	9.96	2,973.06	
Block, Michael	1121 S. State	Police	Word Processing Coord.	200	449.75	449.75	
Brewster, Samuel	10842 S. Forest	"	Policeman	100	481.17	481.17	
Bubacz, Stephen	5321 S. Tripp	"	"	"	22,034.01	22,034.01	
Campbell, Wayne	1121 S. State	"	"	"	393.75	393.75	
Casey, Lawrence	5416 N. Edens	"	"	"	11,158.73	11,158.73	
Clay, Willie L.	9211 S. Kingston	"	"	"	19,463.62	19,463.62	
Davis, Raymond	1121 S. State	"	"	"	12,695.84	12,695.84	
Lyle, Duane M.	6428 S. St. Lawrence	"	"	"	27,879.72	27,879.72	
Filas, Richard	5050 N. Natoma	"	"	"	13,235.01	13,235.01	
Lewis, Lyle	515 W. 125th Pl.	"	"	"	28,244.38	28,244.38	
Sexton, Patrick F.	4149 W. 70th St.	"	"	"	18,419.21	18,419.21	
Torres, Jose J.	5325 N. Spaulding	"	"	"	4,503.39	4,503.39	
Vivirito, Patrick A.	5201 S. Merrimac	"	"	"	12,146.54	12,146.54	

(Continued on page 37043)

The City Clerk informed the City Council that all those ordinances, etc., which were passed by the City Council on November 13, 1986, and which were required by statute to be published in book or pamphlet form or in one or more newspapers, were published in pamphlet form on November 24, 1986, by being printed in full text in printed pamphlet copies of the Journal of the Proceedings of the City Council of the regular meeting held on November 13, 1986, published by authority of the City Council in accordance with the provisions of Section 5-5 of the Municipal Code of Chicago, as passed on December 22, 1947.

FILING OF CERTIFIED COPIES OF ORDINANCES WITH
COUNTY CLERK OF DU PAGE COUNTY.

The City Clerk further informed the City Council that he filed with the County Clerk of Du Page County, on November 17, 1986, ordinances passed by the City Council on various dates:

April 9, 1986.

Authority granted for Supplemental Appropriation of Funds to comply with Collective Bargaining Agreement with Chicago Fire Fighters Union, Local No. 2;

Authority granted for Year 1986 Supplemental Levy of Taxes to fund Collective Bargaining Agreement with Chicago Fire Fighters Union, Local No. 2;

September 12, 1986.

Authority granted for Approval of Amendments to 1986 Annual Appropriation Ordinance;

September 24, 1986.

Authority granted for 1986 Supplemental Levy of Property Taxes;

Authority granted for Approval of Supplemental Appropriation to 1986 Annual Appropriation Ordinance;

A Certification of Compliance with the Truth in Taxation Act signed by the Honorable Harold Washington, Mayor, on November 7, 1986;

October 6, 1986.

Authority granted for the Issuance of Taxable Working Cash Fund Bonds, Series 1986;

Authority granted for Community College District No. 508 Tax Levy for Fiscal Year July 1, 1986 through June 30, 1987;

Authority granted for Community College District No. 508 Levy of 1986 Taxes for Malcolm X College.

**Miscellaneous Communications, Reports, Etc., Requiring
Council Action (Transmitted To City Council
By City Clerk).**

The City Clerk transmitted communications, reports, etc., relating to the respective subjects listed below, which were acted upon by the City Council in each case in the manner noted, as follows:

*Referred -- ZONING RECLASSIFICATIONS OF PARTICULAR
AREAS.*

Applications (in duplicate) together with the proposed ordinances for amendment of the Chicago Zoning Ordinance, as amended, for the purpose of reclassifying particular areas, which were *Referred to the Committee on Zoning*, as follows:

Robert and Fely Groce -- to classify as a B2-1 Restricted Retail District instead of a B1-1 Local Retail District the area shown on Map No. 24-B bounded by

a line 38 feet north of and parallel to East 103rd Street; the alley next east of and parallel to South Bensley Avenue; East 103rd Street; South Bensley Avenue;

Michael Tolan -- to classify as an R4 General Residence District instead of a B4-1 Restricted Service the area shown on Map No. 16-N bounded by

West 63rd Street; a north-south line 49.90 feet west of and parallel to South Natchez Avenue; the public alley next south of and parallel to West 63rd Street; a north-south line 174.90 feet west of and parallel to South Natchez Avenue;

Toyo Enterprises, Ltd. -- to classify as a C3-5 Commercial-Manufacturing District instead of an M1-5 Restricted Manufacturing District the area shown on Map No. 1-F bounded by

a line 151.49 feet north of West Grand Avenue; North Wells Street; a line 53.17 feet north of West Grand Avenue; and a line 110.20 feet west of North Wells Street.

Referred -- CLAIMS AGAINST CITY OF CHICAGO.

Also, claims against the City of Chicago, which were *Referred to the Committee on Claims and Liabilities*, filed by the following:

Adamik Joseph, Allstate Ins. Co. (2) Albert Thomas and Luretha Williams;

Boone Terrence, Brent John;

Caporale Paul, Chamblis John, Chester Lillie, CNA Ins. Co. and Bernard Scholz, Cordero John, Cortes Rigoberto, Cosentino Frank, Covington Joyce;

Dauparas Joseph;

Equity Transportation Co. Inc.;

Fabianich Alan, Fay Lisa;

Gadowski Frank, Gauger Karen, General Accident Ins. Co. and Patricia Medo, Gil Georgina, Glasgow Joan, Green Charles;

Harris Arthur, Harris D. L. Sr., Heard Karen, Heffernan Lois;

Jackson Oteria, Jones Marie;

Kritz Steve, Krupinski Walter;

Macias Ignacio, Manchery Arvind, McKnight Jeffrey, Morris Josie;

Nevoso Benedict, Nundusa Inc.;

Pegues Lucille, Perez Mario (Frank Coronado), Pesovic Steve, Petrich Frank;

Rosas Federico Miguel, Rosol Larry;

Schaade Jane, State Farm Ins. Co. (8) Charles Machay, Mari Anne Messina, Renee Ennis, Linda Masonick, Willie Walden, Margaret Dickson, Christine Kay, and Mary Zelezinski, Stelzer John, Stone Robert, Synergistics Inc.;

Tangeros Kermit;

United Limousine Service Inc.;

Vander Linde Julie, Van Hughes Barbara;

Watson Suzanne, Williams Henry;

York Ins. Co. and Gordon Gauvreau.

Referred -- PROPOSED ORDINANCES RECOMMENDED BY
BOARD OF LOCAL IMPROVEMENTS FOR ALLEY
IMPROVEMENTS.

Also, the City Clerk transmitted the following communications addressed to him under the date of November 18, 1986, signed by Mr. Morgan P. Connolly, Acting Superintendent, Board

of Local Improvements, Department of Public Works, which were, together with the proposed ordinances transmitted therewith, *Referred to the Committee on Streets and Alleys:*

"As provided in the Local Improvement Act, the Board has held public hearings on said improvement with reference to the extent, nature, kind, character and estimated cost of said - improvement thereof and recommends passage of said ordinances."

- Ward 6 -- Grading, paving and improving the alleys between East
76th Street, South South Chicago Avenue,
South Dante Avenue and South Dorchester Avenue, etc.;
- Ward 8 -- Grading, paving and improving the alleys between
East 82nd Street, East 83rd Street,
South Crandon Avenue and South Luella Avenue, etc.;
- Ward 8 -- Grading, paving and improving the alleys between
East 82nd Street, East 83rd Street
South Yates Avenue and South Oglesby Avenue, etc.;
- Ward 8 -- Grading, paving and improving the alley between
East 89th Street, East 90th Street
South Cornell Avenue and South Stony Island Avenue, etc.;
- Ward 8 -- Grading, paving and improving the alley between
East 89th Street, East 90th Street
South East End Avenue and South Cornell Avenue, etc.;
- Ward 9 -- Grading, paving and improving the alleys between
East 107th Street, East 108th Street
South Calumet Avenue and South Forest Avenue, etc.;
- Ward 9 -- Grading, paving and improving the alley between
East 109th Street, East 110th Place
South Eberhart Avenue and South Vernon Avenue;
- Ward 9 -- Grading, paving and improving the alley between
East 110th Street, East 110th Place
South Vernon Avenue and South Martin Luther King Jr. Drive, etc.;
- Ward 9 -- Grading, paving and improving the alley between
West 122nd Street, West 123rd Street
South Morgan Street and South Carpenter Street, etc.;
- Ward 9 -- Grading, paving and improving the alley between
West 125th Street, West 126th Street
South Stewart Avenue and South Eggleston Avenue, etc.;
- Ward 9 -- Grading, paving and improving the alleys between
West 127th Street, West Vermont Street

- South Green Street and South Peoria Street, etc.;
- Ward 9 -- Grading, paving and improving the alleys between
West 128th Place, West 129th Place
South Parnell Avenue and South Wallace Street, etc.;
- Ward 10 -- Grading, paving and improving the alleys between
East 92nd Street, East 93rd Street
South Clyde Avenue and South Chappel Avenue, etc.;
- Ward 11 -- Grading, paving and improving the alleys between
South Archer Avenue, South Bonaparte Avenue
South Arch Avenue and South Lock Street, etc.;
- Ward 12 -- Grading, paving and improving the alleys between
South Archer Avenue, West 41st Street
South Montgomery Avenue and South California Avenue, etc.;
- Ward 12 -- Grading, paving and improving the alley between
West 45th Street, West 46th Street
South Knox Avenue and South Kilpatrick Avenue;
- Ward 14 -- Grading, paving and improving the alley between
West 49th Street, West 50th Street
South Marshfield Avenue and South Paulina Street;
- Ward 15 -- Grading, paving and improving the alleys between
West 71st Street, West 72nd Street
South Seeley Avenue and South Hoyne Avenue;
- Ward 18 -- Grading, paving and improving the alley between
West 86th Street, West 86th Place
South Lawndale Avenue and South Hamlin Avenue, etc.;
- Ward 19 -- Grading, paving and improving the alley between
West 110th Street, West 111th Street
South Fairfield Avenue and South California Avenue;
- Ward 21 -- Grading, paving and improving the alleys between
West 87th Street, West 88th Street
South Bishop Street and South Laflin Street, etc.;
- Ward 21 -- Grading, paving and improving the alley between
West 88th Street, West 89th Street
South Halsted Street and South Genoa Avenue, etc.;
- Ward 21 -- Grading, paving and improving the alley between
West 97th Street, West 98th Street
South Morgan Street and South Carpenter Street;

- Ward 23 -- Grading, paving and improving the alleys
between South Archer Avenue, West 52nd Street
South Kilbourn Avenue and South Kolmar Avenue, etc;
- Ward 34 -- Grading, paving and improving the alleys
between West 103rd Street, West 104th Street
South Sangamon Street and South Morgan Street, etc.;
- Ward 34 -- Grading, paving and improving the alley
between West 109th Street, West 109th Place
South Throop Street and South Loomis Street, etc.;
- Ward 34 -- Grading, paving and improving the alleys
between West 116th Street, West 116th Place
South Union Avenue and South Halsted Street, etc.;
- Ward 34 -- Grading, paving and improving the alleys
between West 117th Street, West 118th Street
South Harvard Avenue and South Stewart Avenue, etc.;
- Ward 38 -- Grading, paving and improving the alleys
between West Cornelia Avenue, West Forest Preserve Avenue
North Pittsburgh Avenue and North Plainfield Avenue;
- Ward 41 -- Grading, paving and improving the alleys
between West Devon Avenue, West Palatine Avenue
North Nagle Avenue and North Neenah Avenue, etc..

REPORTS OF COMMITTEES.

COMMITTEE ON FINANCE.

PROPERTY LOCATED AT 2945 WEST 31ST STREET APPROVED
FOR INCENTIVE ABATEMENT UNDER CLASS 6(b) OF
COOK COUNTY REAL PROPERTY ASSESSMENT
CLASSIFICATION ORDINANCE.

The Committee on Finance submitted a report recommending that the City Council pass the following proposed resolution transmitted therewith:

WHEREAS, The County of Cook amended its Real Property Assessment Classification Ordinance, effective October 1, 1984; and

WHEREAS, By virtue of this amendment of new Class 6b was added to said ordinance for incentive abatement purposes; and

WHEREAS, Class 6b of this ordinance requires that the municipality in which such real estate, proposed for Class 6b designation, is located by lawful resolution approve such real estate to be appropriate for incentive abatement; and

WHEREAS, Substantial rehabilitation will be performed on the real estate located at 2945 West 31st Street (P.I.N. 16-36-101-005); and

WHEREAS, The aforementioned real estate is located within Enterprise Zone One in the City of Chicago and will be utilized for manufacturing purposes; and

WHEREAS, The City Council of the City of Chicago is desirous of assisting industrial development throughout the City of Chicago; now, therefore,

Be It Resolved by the City Council of the City of Chicago:

That the real estate located at 2945 West 31st Street within the City of Chicago is hereby approved as appropriate for incentive abatement under Class 6b of the Cook County Real Property Assessment Classification Ordinance, effective October 1, 1984.

On motion of Alderman Burke, the foregoing proposed resolution was *Adopted* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, Hagopian, Mell, Frost, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Stone -- 42.

Nays -- None.

Alderman Krystyniak moved to reconsider the foregoing vote. The motion was lost.

AUTHORITY GRANTED FOR EXECUTION OF AMENDMENT
TO AGREEMENT BETWEEN CITY AND STATE FOR
IMPROVEMENT OF STREET LIGHTING ON
63RD STREET BETWEEN CALUMET
AVENUE AND STONY ISLAND
AVENUE.

The Committee on Finance submitted a report recommending that the City Council pass the following proposed ordinance transmitted therewith:

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. That the Mayor is authorized to execute, the City Clerk to attest to and the Commissioner of Public Works to approve, upon review of the Corporation Counsel as to

form and legality, an amendment to a project agreement with the State of Illinois providing for the improvement of street lighting on 63rd Street between Calumet Avenue and Stony Island Avenue described therein, said amendment to be substantially in the following form:

Amendment To An Agreement

*An Amendment To A City-State Project Agreement
Providing For The Improvement Of
Street Lighting On 63rd Street (FAU 1519)
Between Calumet Avenue And Stony Island Avenue
In The City Of Chicago, Cook County, Illinois*

*Federal Project No.: IX-5000(475)
City Section No.: 82-B2090-00-PV
State Job No.: P-88-059-82
DPW Job No.: B-2-090*

Whereas, on May 14, 1986, the City Council passed an ordinance authorizing the aforementioned Joint Agreement for execution (Council Journal pages 29702 through 29706); and

Whereas, the "City" and the "State" have entered into the aforementioned Agreement; and

Whereas, Paragraph 13 of the aforementioned Agreement contains the estimated cost and the division of financial responsibilities for the Project; and

Whereas, the City and the State are desirous of updating and revising the estimate of cost and of increasing the upper limit of State participation.

Now, Therefore, Be It Agreed, that Paragraph 13 of the aforementioned agreement be revised to read as follows:

13. That the estimated cost of the Project covered and described by this Agreement are:

Force Account Construction	\$400,000
Construction Engineering/Supervision	<u>40,000</u>
TOTAL:	\$440,000

And that based upon the current ratio of Federal to Non-Federal (State) funds for Interstate Road Substitution projects, the proportional participation for the project will be:

Federal-Aid Share (IX): (85% of \$440,000)	\$374,000
Non-Federal Share (State): (15% of \$440,000)	<u>66,000</u>
TOTAL:	\$440,000

And that based upon said ratio, State financial participation (referred to herein as the Non-Federal Share) shall be limited to a maximum of \$66,000 with any Non-Federal Share required in excess of that amount to be provided by the City, or by Amendment to this Agreement; and

Be It Further Agreed, that all items contained in the original City/State Agreement and any subsequent executed Amendment which are not in conflict with this Amendment shall remain in full force and effect; and

Be It Further Agreed, that this Amendment to the Agreement shall be binding and inure to the benefits of the parties hereto, their successors and assigns.

Minority Business Enterprise Provisions attached to this agreement read as follows:

Minority Business Enterprises Provisions.

"It is the Policy of the U. S. Department of Transportation that minority business enterprises, as defined in 49 C.F.R. Part 23, shall have the maximum opportunity to participate in the performance of contracts financed in whole or in part with Federal funds under this agreement. Consequently, the M.B.E. requirements of 49 C.F.R. Part 23 apply to this agreement.

The State and City agree to ensure that minority business enterprises, as defined in 49 C.F.R. Part 23, have the maximum opportunity to participate in the performance of this agreement. In this regard the State and City shall take all necessary and reasonable steps, in accordance with 49 C.F.R. Part 23, to ensure that minority business enterprises have the maximum opportunity to compete for and perform portions of contracts and subcontracts financed in whole or in part with Federal funds provided under this agreement. The State and City shall not discriminate on the basis of race, color, national origin, or sex in the selection and retention of contractor or subcontractors, including procurement of materials and lease of equipment.

The City shall include the provisions of this "Policy" in every contract, including procurement of materials and leases of equipment.

Failure to carry out the requirements set forth above shall constitute a breach of this agreement and may result in termination of the agreement or such remedy as deemed appropriate."

This Agreement shall be administered under the provisions of the City of Chicago's federally approved Disadvantaged Business Enterprise Program.

In Witness Whereof, the City and State have caused this Amendment to an Agreement to be executed by their respective officials and attested to on the date hereinafter listed.

[Signature forms omitted for printing purposes.]

SECTION 2. That the City Clerk is hereby directed to transmit two (2) certified copies of this ordinance to the Division of Highways, Department of Transportation of the State of Illinois through the District Engineer of District 1 of said Division of Highways.

SECTION 3. That this ordinance shall be effective by and from the date of its passage.

On motion of Alderman Burke, the foregoing proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, Hagopian, Mell, Frost, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Stone -- 42.

Nays -- None.

DESIGNATION OF ENTERPRISE ZONE NUMBER SIX IN AREA
BOUNDED BY 51ST STREET, WESTERN AVENUE,
91ST STREET AND COTTAGE
GROVE AVENUE.

The Committee on Finance submitted a report recommending that the City Council pass a proposed ordinance transmitted therewith, designating a new enterprise zone, number six (6), bounded generally by 51st Street, Western Avenue, 91st Street and Cottage Grove Avenue.

On motion of Alderman Burke, the said proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, Hagopian, Mell, Frost, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Stone -- 42.

Nays -- None.

The following is said ordinance as passed:

WHEREAS, The City of Chicago is permitted under the Illinois Enterprise Zone Act PA 82-1019, to designate areas of the City as Proposed Enterprise Zones in order to apply for certification by the State that such areas qualify for State Enterprise Zone status; and

WHEREAS, The City of Chicago has determined that this area selected meets the requirements of a State Enterprise Zone; and

WHEREAS, All procedures have been followed in the selection and designation of this area as a Proposed Enterprise Zone as required under the Illinois Enterprise Zone Act and the Chicago Enterprise Zone Ordinance, Chapter 201 of the Municipal Code of Chicago; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The following area, hereafter referred to as Zone 6, is hereby designated a Proposed Enterprise Zone. The area boundaries shall be as follows for Zone 6:

Beginning at the intersection of Racine and 55th Street; running north on Racine to 51st Street; then running east on 51st Street to Cottage Grove; running south on Cottage Grove to 60th Street; running west on 60th Street to State Street; running south on State Street to 62nd Street; running east on 62nd Street to Stony Island; running south on Stony Island to 64th Street; running west on 64th Street to State Street; running south on State Street to 71st Street; running west on 71st Street to Stewart; running south on Stewart to 74th Street; running west on 74th Street to Eggleston; running south on Eggleston to 75th Street; running west on 75th Street to Wallace; running south on Wallace to 79th Street; running east on 79th Street to State Street; running south on State Street to 91st Street; running west on 91st Street to Halsted; running north on Halsted to 75th Street; running west on 75th Street to Damen; running north on Damen to 71st Street; running east on 71st Street to Ashland; running north on Ashland to 63rd Street; running west on 63rd Street to Western Avenue; running north on Western Avenue to 55th Street; running east on 55th Street to Racine.

SECTION 2. That Zone 6 meets the qualification requirements of Section 4 of the Illinois Enterprise Zone Act, in that

- 1) it is a contiguous area entirely within the City of Chicago;
- 2) it comprises 9.89 square miles which is within the range allowed by the Illinois Enterprise Zone Act;
- 3) it is a depressed area as shown by census tract data and other data;
- 4) it satisfies all other additional criteria established to date by regulation of the Illinois Department of Commerce and Community Affairs.

SECTION 3. Zone 6 shall be entitled to all tax and regulatory incentives as provided in the Chicago Enterprise Zone Ordinance, upon its certification as an Enterprise Zone by the

State. Those tax and regulatory incentives are hereby incorporated into this ordinance for the benefit of this Zone.

SECTION 4. The Zone Administrator shall be the Commissioner of the Department of Economic Development of the City of Chicago, as stated in the Chicago Enterprise Zone Ordinance, Section 201-6(c).

SECTION 5. This ordinance and the zone designated hereunder shall be subject to all the provisions of the Chicago Enterprise Zone Ordinance, unless otherwise provided herein.

SECTION 6. Zone 6 shall remain a proposed Zone until certified by the Illinois Department of Commerce and Community Affairs in accordance with the Illinois Enterprise Zone Act.

SECTION 7. The duration or term of the Zone shall be 20 calendar years, except that the duration of City incentives in such Zone shall be for the terms provided in the Chicago Enterprise Zone Ordinance.

SECTION 8. Authority is hereby given to the Commissioner of the Department of Economic Development to make a formal written application to the Illinois Department of Commerce and Community Affairs and to supply other information as needed to have this Proposed Enterprise Zone certified as an Enterprise Zone by the State.

SECTION 9. This ordinance shall be effective from and after its passage.

APPROVAL GIVEN TO REAPPOINTMENT OF MR. SAMUEL WILLIAM
SAX AS MEMBER OF PUBLIC BUILDING COMMISSION
OF CHICAGO.

The Committee on Finance submitted the following report:

CHICAGO, November 24, 1986.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration a communication approving the reappointment of Samuel William Sax as a member of the Public Building Commission of Chicago, for a term ending September 30, 1991, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Approve* the proposed communication transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,
(Signed) EDWARD M. BURKE,
Chairman.

On motion of Alderman Burke, the said proposed reappointment of Mr. Samuel William Sax as a member of the Public Building Commission was *Approved* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, Hagopian, Mell, Frost, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Stone -- 42.

Nays -- None.

COMMISSIONER OF PUBLIC WORKS AUTHORIZED TO ENTER
INTO INTERGOVERNMENTAL AGREEMENT WITH COUNTY
OF COOK FOR JOINT UNDERTAKING FOR
TUCKPOINTING AND CLEANING OF
CITY HALL AND COUNTY
BUILDING.

The Committee on Finance submitted a report recommending that the City Council pass a proposed ordinance transmitted therewith, authorizing the Commissioner of Public Works to enter into an intergovernmental agreement with the County of Cook for a joint undertaking for the tuckpointing and cleaning of City Hall and the County Building.

On motion of Alderman Burke, the said proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, Hagopian, Mell, Frost, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Stone -- 42.

Nays -- None.

The following is said ordinance as passed:

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. That the Commissioner of Public Works, subject to the approval of the City Comptroller and as to form and legality of the Corporation Counsel, is hereby authorized and directed to execute an intergovernmental agreement between the City of Chicago and the County of Cook for a joint undertaking relative to the tuckpointing of City Hall and the cleaning of City Hall and the County Building, said agreement to be substantially in the following form:

Whereas, the County of Cook ("County"), a body politic and corporate, is the owner of certain property located at 118 North Clark Street, Chicago, Illinois, commonly known as the County Building; and

Whereas, the City of Chicago ("City"), a municipal corporation, is the owner of certain property located at 121 North LaSalle Street, Chicago, Illinois, commonly known as City Hall; and

Whereas, the County and the City desire to engage the services of Jensen and Halstead Ltd., ("Building Architect") for the preparation of plans and specifications for the cleaning of the County Building and City Hall, and the tuckpointing of City Hall; and

Whereas, the 1970 Illinois Constitution, Article VII, Section 10, and the Illinois Revised Statutes, 1985, Chapter 127, Paragraph 745, authorize intergovernmental agreements; and

Now, Therefore, in consideration of the mutual agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and the City and agree as follows:

I.

PLANS AND SPECIFICATIONS.

The County shall cause the Building Architect to prepare plans and specifications for the cleaning of the County Building and City Hall and the tuckpointing of City Hall. Said plans and specifications shall be approved in writing by both the County and the City before any cleaning or tuckpointing shall begin.

II.

CLEANING AND TUCKPOINTING.

A. After the Building Architect's plans and specifications have been approved, the County shall engage the services of a qualified Contractor who shall clean the County Building and City Hall and who shall tuckpoint the City Hall in accordance with said plans and specifications.

B. The County's contract with the Contractor shall require said Contractor to obtain a payment and performance bond naming both the County and the City as obligees thereunder, in the full amount of the contract. All insurance coverage required of the Contractor prior to the commencement of work shall name both the County and the City and their respective officers, agents and employees as additional assureds.

C. The tuckpointing of City Hall and the cleaning of the County Building and City Hall shall be coordinated and supervised by the County and the Building Architect. The City will cooperate with the County and with the Building Architect regarding the phasing and scheduling of said cleaning and tuckpointing. The City and the County shall have the

right to impose reasonable regulations governing the use of the building as are necessary to facilitate said cleaning and tuckpointing.

III.

PAYMENTS.

A. The County shall compensate the Building Architect for its preparation of plans and specifications and for the coordination of the cleaning of the County Building and City Hall and of the tuckpointing of City Hall. The City shall reimburse the County for one-half of the cost of the Building Architect's services related to the cleaning and the City shall reimburse the County for the entire cost of services relating to the tuckpointing of City Hall.

B. The County shall make progress payments to the Contractor based upon the payment schedule determined by the Building Architect and the Contractor. Upon submission to the City of evidence of progress payments to the Contractor, the City shall reimburse the County for the City's share of each of said progress payments. The City's share shall be determined by the Building Architect based upon actual work performed.

IV.

MODIFICATION.

No modification, waiver or amendment of this Agreement, or any of its conditions or provisions, shall be binding on the County or the City unless such modification, waiver or amendment is in writing and signed by both parties.

V.

DEFAULT.

The County and the City agree that if one of the parties shall at any time default in the performance of any act on its part to be performed under this Agreement and such default continues for ten (10) days after written notice is received from the non-defaulting party specifying such default in reasonable detail, the non-defaulting party may, but shall not be obligated to, at any time thereafter, without waiving or releasing the defaulting party from any obligation under this Agreement, perform such act to the extent desirable, and in connection therewith pay expenses and employ counsel. All sums so paid by the non-defaulting and all expenses incurred in connection therewith shall be paid by the defaulting party upon demand. The defaulting party shall have the right at any time to perform or resume the performance of any act or obligation on its part to be performed hereunder.

VI.

CONSTRUCTION.

A. Sectional headings in this Agreement are solely for convenience of reference and shall not in any way limit or amplify the terms and provisions thereof.

B. This Agreement shall be effective when executed by the County of Cook and the City of Chicago.

C. Time is of the essence of this Agreement.

D. If any provision of this Agreement is invalid for any reason, such invalidation shall not render invalid other provisions of this Agreement which can be given effect without the invalid provision.

VII.

NOTICES.

All notices to be given by one party to the other under this Agreement shall be in writing and delivered in person or by certified or registered mail, return receipt requested, postage prepaid, as follows:

A. To the City:

Commissioner of Public Works
City of Chicago
City Hall, Room 406
121 North LaSalle Street
Chicago, Illinois 60602

With a copy to:

Corporation Counsel
City Hall, Room 511
121 North LaSalle Street
Chicago, Illinois 60602

B. To the County:

Secretary
Board of Cook County
Commissioners
County of Cook
118 North Clark Street
Chicago, Illinois 60602

Execution of this Agreement authorized by the City Council of the City of Chicago on _____, (C.J.P., pp _____) and by the Board of Commissioners of the County of Cook on _____.

In Witness Whereof, the parties have executed and delivered this Agreement at Chicago, Illinois, this _____ day of _____, 1986.

[Signature forms omitted for printing purposes.]

SECTION 2. This ordinance shall be in full force and effect from and after its passage.

AUTHORITY GRANTED FOR ISSUANCE OF LICENSE FEE
EXEMPTIONS AND CANCELLATION OF WATER RATES
FOR CERTAIN CHARITABLE, EDUCATIONAL
AND RELIGIOUS INSTITUTIONS.

The Committee on Finance to which had been referred (August 28, September 24 and November 13, 1986) sundry proposed ordinances and orders transmitted therewith to authorize the issuance of license fee exemptions and cancellation of water rates for certain charitable, educational and religious institutions, submitted separate reports recommending that the City Council pass said proposed ordinances.

On separate motions made by Alderman Burke, each of the said proposed ordinances was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, Hagopian, Mell, Frost, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Stone -- 42.

Nays -- None.

Said ordinances and orders, as passed, read respectively as follows (the italic heading in each case not being a part of the ordinance):

LICENSE FEE EXEMPTIONS.

Day Care Centers.

Grant Day Care School Age Program.

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Pursuant to Section 158-4 of the Municipal Code of Chicago and in accordance with favorable investigation by the Board of Health, the following day care center, which is not operated for gain but where a charge is made for the care of children, is hereby exempted from the payment of the license fee for the current license period, which expires April 30, 1987:

Grant Day Care School Age Program
4025 South Drexel Boulevard.

SECTION 2. This ordinance shall be in full force and effect from and after its passage.

Lambs of the Fold Preschool and Day Care Center.

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Pursuant to Section 158-4 of the Municipal Code of Chicago and in accordance with favorable investigation by the Board of Health, the following day care center, which is not operated for gain but where a charge is made for the care of children, is hereby exempted from payment of the license fee for the current license period, which expires April 30, 1987:

Lambs of the Fold Preschool and Day Care Center
5110 West Diversey Avenue.

SECTION 2. This ordinance shall be in full force and effect from and after its passage.

Sauganash Community Day Care Center.

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Pursuant to Section 158-4 of the Municipal Code of Chicago and in accordance with favorable investigation by the Board of Health, the following day care center, which is not operated for gain but where a charge is made for the care of children, is hereby exempted from payment of the license fee for the current license period, which expires April 30, 1987:

Sauganash Community Day Care Center
4600 West Peterson Avenue.

SECTION 2. This ordinance shall be in full force and effect from and after its passage.

*Washington Park Y.M.C.A. Headstart Program's City
Day Care.*

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Pursuant to Section 158-4 of the Municipal Code of Chicago and in accordance with favorable investigation by the Board of Health, the following day care center, which is not operated for gain but where a charge is made for the care of children, is hereby exempted from payment of the license fee for the current license period, which expires April 30, 1986:

Washington Park Y.M.C.A. Headstart Program's City Day Care
5000 South Indiana Avenue.

SECTION 2. This ordinance shall be in full force and effect from and after its passage.

Homes.

Ada S. McKinley Community Services.

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Pursuant to Section 136-5 of the Municipal Code of Chicago and in accordance with favorable investigation by the Board of Health, the Ada S. McKinley Community Services, 6701 South Morgan Street, is hereby exempted from payment of the annual license fee provided therefor in Section 136-4, for the year 1986.

SECTION 2. This ordinance shall be in force and effect from and after its passage.

Ada S. McKinley Community Services.

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Pursuant to Section 136-5 of the Municipal Code of Chicago and in accordance with favorable investigation by the Board of Health, the Ada S. McKinley Community Services, 6600 South Stewart Avenue, is hereby exempted from payment of the annual license fee provided therefor in Section 136-4, for the year 1986.

SECTION 2. This ordinance shall be in force and effect from and after its passage.

CANCELLATION OF EXISTING WATER RATES.

All Nations Mission.

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Pursuant to Section 185-47 of the Municipal Code of Chicago, the Commissioner of Water is hereby authorized and directed to cancel all existing water rates assessed against the All Nations Mission, 9300 South Cottage Grove Avenue.

SECTION 2. This ordinance shall be in full force and effect from and after its passage.

CITY COMPTROLLER AUTHORIZED AND DIRECTED TO CANCEL
WARRANTS FOR COLLECTION ISSUED AGAINST CERTAIN
CHARITABLE, EDUCATIONAL AND RELIGIOUS
INSTITUTIONS.

The Committee on Finance to which had been referred on November 13, 1986, sundry proposed orders for cancellation of specified warrants for collection issued against certain charitable, educational and religious institutions, submitted reports recommending that the City Council pass the following substitute proposed order.

Ordered, That the City Comptroller is hereby authorized and directed to cancel specified warrants for collection issued against certain charitable, educational and religious institutions, as follows:

Name and Address	Warrant Number and Type of Inspection	Amount
Augustana Hospital 2035 North Lincoln Avenue	D1-420881 (Sign Insp.)	\$16.00
Lakeview Learning Center 4919 North Clark Street	D3-687196 (Sign Maint.)	40.00
Little Sisters of the Poor 2300 North Racine Avenue	A1-608434 (Elev.)	60.00
	B1-609686 (Bldg. Insp.)	34.50
Northwestern Memorial Hospital (sundry locations)	B1-619571	23.00
	B1-619362 (Bldg. Insp.)	23.00
St. Joseph Home of Chicago, Inc. 2650 North Ridgeway Avenue	A1-609487 (Elev.)	180.00
St. Pauls House/Grace Convalescent Home 3831 North Mozart Street	D3-687281 (Sign Maint.)	160.00

On motion of Alderman Burke, the foregoing proposed substitute order was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, Hagopian, Mell, Frost, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Stone -- 42.

Nays -- None.

AUTHORITY GRANTED FOR EXEMPTION OF 1985 -- 1987 SEWER
SERVICE CHARGES TO SPECIFIED INSTITUTION.

The Committee on Finance submitted a report recommending that the City Council pass the following proposed ordinance transmitted therewith:

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Pursuant to Section 185.1-2(a) of the Municipal Code of Chicago, the Commissioner of Sewers is hereby authorized and directed to exempt St. Joseph Home of Chicago, Inc., 2630 -- 2658 North Ridgeway Avenue, from the first One Thousand Dollars (\$1,000) charge for sewer charges in 1985 -- 1987.

SECTION 2. This ordinance shall take effect and be in force from and after its passage.

On motion of Alderman Burke, the foregoing proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, Hagopian, Mell, Frost, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Stone -- 42.

Nays -- None.

AUTHORITY GRANTED FOR PAYMENTS OF HOSPITAL, MEDICAL
AND NURSING SERVICES RENDERED CERTAIN INJURED
MEMBERS OF POLICE AND FIRE DEPARTMENTS.

The Committee on Finance submitted a report recommending that the City Council pass a proposed order transmitted therewith, to authorize payments for hospital, medical and nursing services rendered certain injured members of the Police and Fire Departments.

On motion of Alderman Burke, the said proposed order was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said order as passed:

Ordered, That the City Comptroller is authorized and directed to issue vouchers, in conformity with schedule herein set forth, to physicians, hospitals, nurses or other individuals, in settlement for hospital, medical and nursing services rendered to the injured members of the Police Department and/or the Fire Department herein named. The payment of any of these bills shall not be construed as an approval of any previous claims pending or future claims for expenses or benefits on account of any alleged injury to the individuals named. The total amount of said claims is set opposite the names of the injured members of the Police Department and/or the Fire Department, and vouchers are to be drawn in the favor of the proper claimants and charged to Account No. 100.9112.937:

[Regular Orders printed on page 37067 of this Journal.]

and

Be It Further Ordered, That the City Comptroller is authorized and directed to issue warrants, in conformity with the schedule herein set forth, to physicians, hospitals, nurses or other individuals, in settlement for hospital, medical and nursing services rendered to the injured members of the Police Department and/or the Fire Department herein named, provided such members of the Police Department and/or Fire Department shall enter into an agreement in writing with the City of Chicago to the effect that, should it appear that any of said members of the Police Department and/or Fire Department have received any sum of money from the party whose negligence caused such injury, or have instituted proceedings against such party for the recovery of damage on account of such injury or medical expenses, then in that event the City shall be reimbursed by such member of the Police Department and/or Fire Department has received or may hereafter receive from such third party on account of such injury or medical expense, not to exceed the expense, in accordance with Opinion No. 1422 of the Corporation Counsel of said City, dated March 19, 1926. The payment of any of these bills shall not be construed as approval of any previous claims pending or future claims for expenses or benefits on account of any alleged injury to the individuals named. The total amount of such claims, as allowed, is set opposite the names of the injured members of the Police Department and/or Fire Department and warrants are to be drawn in favor of the proper claimants and charged to Account No. 100.9112.937.

[Third Party Order printed on page 37068 of this Journal.]

Action Deferred -- AMENDMENT OF MUNICIPAL CODE CHAPTER 192
CONCERNING REGULATION OF COMMERCIAL DISSEMINATION
OF SEXUALLY PROVOCATIVE MATERIALS
TO MINORS.

The Committee on Finance submitted the following report which was, on motion of Alderman Bloom and Alderman Oberman, *Deferred* and ordered published:

(Continued on page 37069)

11/24/86

REPORTS OF COMMITTEES

37067

CITY OF CHICAGO

CITY COUNCIL ORDERS

COUNCIL MEETING OF 11/24/86

REGULAR ORDERS

***** EMPLOYEE NAME *****	***** RANK *****	***** UNIT OF ASSIGNMENT *****	DATE INJURED	VOUCHER TOTAL
CRAWFORD	DONALD	POLICE OFFICER	6/16/85	910.00
DARUL	MICHAEL J	POLICE OFFICER	6/26/86	89.00
JACKSON	VENDETITA J	POLICE OFFICER	1/24/86	41.00
KRUSZYNSKI	JOSEPH M	POLICE OFFICER	11/24/84	108.50
MANKHAM	WILLIE T	POLICE OFFICER	6/11/86	670.00
MCALLISTER	THOMAS	POLICE OFFICER	8/05/72	889.60
MORGAN	ROBERT	POLICE OFFICER	3/30/86	150.00
NOZAY	THOMAS J	POLICE OFFICER	5/02/86	245.10
RAFFIL	RAYMOND W	POLICE OFFICER	6/15/86	150.00
ROBINSON	RONALD	POLICE OFFICER	5/04/86	117.00
RUTAN	JACK	POLICE OFFICER	4/18/85	2574.50
RELL	DENNIS	FIREFIGHTER	5/08/75	1218.93
GALES	DAVID	FIREFIGHTER	4/09/83	170.00
FORRELL	JOHN	FIREFIGHTER	2/19/74	235.00
LASCO	SARUEL	FIREFIGHTER	2/01/85	1386.46
MADNEY	CLARENCE	FIREFIGHTER	2/19/86	118.50
MCHARRA	THOMAS	FIREFIGHTER	3/20/71	4018.49
HILLER	THOMAS. R	LIEUTENANT	1/31/86	960.00
MUSCARIELLO	ANTHONY	FIREFIGHTER	1/22/86	207.00
OWCARZ	EUGENE	CAPTAIN	9/20/79	186.05
PEDERSEN	KENNETH	PARAMEDIC	6/30/85	199.50
SAITH	TERRENCE	FIREFIGHTER	3/18/86	200.00
STEWART	JESSE F	CAPTAIN	2/03/85	79765.00
VIRZI	ALFONSO	LIEUTENANT	7/10/84	30.00
WALICZEN	THEODORE	FIREFIGHTER	3/24/81	1260.00
		TWENTY-FIFTH DISTRICT		
		NINETEENTH DISTRICT		
		RECRUIT TRAINING		
		SIXTEENTH DISTRICT		
		TWENTY-FIRST DISTRICT		
		OHARE LAW ENFORCEMENT		
		NINETEENTH DISTRICT		
		FOURTEENTH DISTRICT		
		SEVENTH DISTRICT		
		ELEVENTH DISTRICT		
		EIGHTEENTH DISTRICT		
		TRUCK 51		
		ENGINE COMPANY 8		
		TRUCK 16		
		TRUCK 58		
		ENGINE COMPANY 7		
		ENGINE COMPANY 1/42		
		ENGINE COMPANY 44		
		OFFICE OF THE FIRE COMMISSIONER		
		ENGINE COMPANY 77		
		DISTRICT RELIEF 3		
		TRUCK 3		
		DISTRICT HEADQUARTERS 1		
		ENGINE COMPANY 20		
		ENGINE COMPANY 54		

C I T Y O F C H I C A G O

CITY COUNCIL ORDERS

COUNCIL MEETING OF 11/24/86

THIRD PARTY ORDERS

***** EMPLOYEE NAME *****	***** RANK *****	***** UNIT OF ASSIGNMENT *****	DATE INJURED	VOUCHER TOTAL
BASKERVILLE	FRANK	AUTOMOTIVE FOUNDS SECTION	11/19/85	1197.00
CAGE	HOSEA	TENTH DISTRICT	2/02/86	16204.20
MAZUR	MICHAEL	THIRTEENTH DISTRICT	6/23/86	375.00
OVULTON	SUSAN P	NINETEENTH DISTRICT	11/25/84	778.50
DAVITAS	JOSEPH	AMBULANCE 9	1/06/86	75.00
WARD	PATRICK	AMBULANCE 6	2/14/86	150.00

(Continued from page 37066)

CHICAGO, November 24, 1986.

To the President and Members of the City Council:

Your Committee on Finance to which was referred, an ordinance amending the Municipal Code of Chicago, Chapters 192-10.1 and 192-10.2 concerning the regulation of commercial dissemination of sexually provocative materials to minors, having had the same under advisement, begs leave to report and recommend that Your Honorable Body pass the proposed ordinance transmitted herewith.

The recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,
(Signed) EDWARD M. BURKE,
Chairman.

The proposed ordinance attached to the foregoing committee report reads as follows:

WHEREAS, The City of Chicago is a home rule unit pursuant to the Illinois Constitution, 1970, Article VII, Section 6(a); and

WHEREAS, Pursuant to its home rule power, the City of Chicago may exercise any power and perform any function relating to its government and affairs including protecting the public health, welfare and morals; and

WHEREAS, There exists an urgent need to prevent commercial exposure of minors to sexually provocative written, photographic, printed, sound, published material or video tape which are hereby declared to be harmful to minors; and

WHEREAS, It is in the best interest of the health, welfare, and safety of the citizens of the City of Chicago, and especially of minors within the city, that commercial dissemination of such sexually provocative written, photographic, printed, sound, published materials or video tape deemed harmful to minors be restricted to persons of the age of 18 and over; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Chapter 192, Section 10.1 of the Municipal Code of Chicago is amended by deleting the bracketed language and adding the language in italics in lieu thereof as follows:

[192-10.1. It shall be unlawful for any person knowingly to exhibit, sell, offer to sell, give away, circulate, or distribute or attempt to distribute to any person under the age of 17 years any obscene book, magazine, pamphlet, paper, writing, card, advertisement, circular, print, picture, photograph, motion picture film, play, image, instrument, statue, drawing, or other material.

Obscene for the purpose of this section is defined as follows: Whether to the average person under 17 years, of the age of the person to whom the material is exhibited, sold, offered for sale, given away, circulated, or distributed, applying contemporary community standards, the dominant theme of the material taken as a whole appeals to prurient interests.

In determining whether the publication or other material is obscene and whether the dominant theme of the material taken as a whole appeals to prurient interests, consideration shall be given to whatever artistic, literary, historical, or educational value the said publication or other material may have for persons under the age of 17 years in the community and whether the probability of the appeal to prurient interests is so great as to outweigh whatever artistic, literary, historical education or other merit the publication or other material may possess.]

192-10.1 A. For the purposes of this section the following words shall be defined as follows: (a) "Minor" means any person under the age of 18 years:

(b) "nudity" means the showing of the human male or female genitals, pubic area or buttocks with less than a fully opaque covering, or the showing of the female breast with less than a full opaque covering of any portion thereof below the top of the nipple, or the depiction of covered male genitals in a discernible turgid state;

(c) "Sexual Conduct" includes any of the following depicted sexual conduct.

- (i) Any act of sexual intercourse, actual or simulated, including genital, anti-genital, or oral-genital intercourse, whether between human being or between a human being and an animal.*
- (ii) Sadomasochistic abuse, meaning flagellation or torture by or upon a person who is nude or clad in under garments or in a revealing costume or the condition of being fettered, bound or otherwise physically restricted on the part of one so clothed.*
- (iii) Masturbation or lewd exhibitions of the genitals including any explicit, close-up representation of a human genital organ.*
- (iv) Physical contact or simulated physical contact with the clothed or unclothed pubic areas or buttocks of a human male or female, or the breasts of the female, whether alone or between members of the same or opposite sex or between humans and animals in an act of apparent sexual stimulation or gratification.*
- (v) An act of sexual assault where physical violence or drugs are employed to overcome the will of or achieve the consent of a person to an act of sexual conduct and the effects or results of the violence or drugs are shown.*

(d) "Sexual Excitement" means the condition of human male or female genitals when in a state of sexual stimulation or arousal;

(e) *"Harmful to Minors" means that quality of any description or representation in whatever form, or nudity, sexual conduct, or sexual excitement, when it:*

- (i) *Predominantly appeals to the prurient, shameful, or morbid interest of minors in sex; and*
- (ii) *Is patently offensive to contemporary standards in the adult community as a whole with respect to what is suitable sexual material for minors; and*
- (iii) *Taken as a whole, lacks serious literary, artistic, political or scientific value.*

(f) *"Knowingly" means having general knowledge of, or reason to know, or a belief or ground for belief which warrants further inspection or inquiry of both.*

B. It is unlawful for any person knowingly to sell or loan for monetary consideration to a minor any written, photographic, printed, sound, published material or video tape, or similar visual representation or image of a person or portion of the human body which depicts nudity, sexual conduct, or sexual excitement and which is harmful to minors.

It is unlawful for any person commercially and knowingly to exhibit, display, sell, offer to sell, lend, give away, circulate, distribute, or attempt to distribute any written, photographic, printed, sound, published material or video tape which is harmful to minors in its content in any place where minors are or may be present or allowed to be present and where minors are able to view such material unless each item of such material is at all times kept in a sealed wrapper.

It is also unlawful for any person commercially and knowingly to exhibit, display, sell, offer to sell, give away, circulate, distribute, or attempt to distribute, any written, photographic, printed, sound, published material or video tape whose cover, covers, or packaging, standing alone, is harmful to minors, in any place where minors are to be present and where minors are able to view such material unless each item of such material is at all times blocked from view by an opaque cover. The requirement of an opaque cover shall be deemed satisfied concerning such material if those portions of the cover, covers, or packaging containing such material harmful to minors are blocked from view by an opaque cover.

The provisions of this subdivision shall not apply to distribution or attempt to distribute the exhibition, display, sale, offer of sale, circulation, giving away of material harmful to minors where such material is sold, exhibited, displayed, offered for sale, given away, circulated distributed, or attempted to be distributed under circumstances where minors are not present, not allowed to be present, or are not able to view such material or the cover, covers, or packaging of such material. Any business may comply with the requirements of this clause by physically segregating such material in a manner so as to physically prohibit the access to and view of the material by minors, by prominently posting at the entrance(s) to such restricted area, "Adults Only-you must be 18 to enter," and by enforcing said restrictions.

SECTION 2. Chapter 192, Section 10.2 of the Municipal Code of Chicago is hereby amended by deleting the bracketed language and adding the language in italics as follows:

192-10.2 Any person violating any of the provisions of section 192-10.1 shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in an amount not less than one hundred dollars nor more than two hundred dollars or be imprisoned for a period not exceeding six months or be both so fined and imprisoned. Each day that such violation is committed or permitted to continue shall constitute a separate offense and shall be punishable as such hereunder. If more than one [publication prohibited hereunder] *written, photographic, printed, sound, published material or video tape* shall [be sold, offered for sale, exhibited, given away] *knowingly be sold, lent, displayed, offered to be sold, given away, circulated, distributed* or in any way furnished or attempted to be furnished to any such person in violation of section 192-10.1, the [sale offer, exhibiting, giving away] *sale, loan, display, offer to sell, giving away, circulation, distribution* or in any way furnishing or attempting to furnish to any such person of each separate [publication prohibited hereunder] *written, photographic, printed, sound, published material or video tape* shall constitute a separate offense and shall be punished as such hereunder.

SECTION 3. This ordinance shall be in full force and effect after its due passage.

Action Deferred -- LEVY OF PROPERTY TAXES FOR
YEAR 1987.

The Committee on Finance submitted the following report, which was, on motion of Alderman Burke and Alderman Madrzyk, *Deferred* and ordered published:

CHICAGO, November 24, 1986.

To the President and Members of the City Council:

Your Committee on Finance, to which was referred an ordinance authorizing the levy of property taxes for the Year 1987, in the amount of \$465,925,887, having had the same under advisement, begs leave to report and recommend that Your Honorable Body pass the proposed ordinance transmitted herewith.

This recommendation was concurred in by 14 members of the committee with 6 dissenting votes.

Respectfully submitted,
(Signed) EDWARD M. BURKE,
Chairman.

[Tax Levy printed on pages 37073 through 37097 of this Journal.]

TAX LEVY ORDINANCE FOR THE YEAR 1987

WHEREAS, the City of Chicago, Illinois (the "City") is a municipal corporation and home rule unit of government, pursuant to Article VII, Section 6 of the Illinois Constitution of 1970; and

WHEREAS, the City has previously adopted its annual appropriation ordinance for the year 1987 and such ordinance has been published as provided by law; and

WHEREAS, it is now appropriate and in the best interest of the City for the City, acting pursuant to its powers granted by the Constitution and law of the State of Illinois, enact its tax levy ordinance for the year 1987; and

WHEREAS, it is appropriate that the tax levy ordinance for the year 1987 receive expeditious consideration by the City Council; now therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The sum of Four Hundred Sixty-five Million, Nine Hundred Twenty-five Thousand, Eight Hundred and Eighty-seven Dollars (\$465,925,887), ascertained by the City Council as the total amount of appropriations heretofore legally made for all corporate purposes to be provided for by the tax levy of the year 1987, is hereby levied for the year 1987 upon all property within the City of Chicago subject to taxation. The purposes for which appropriations have been made and the amount appropriated for each purpose, respectively, are hereinafter specified in detail in the manner authorized for the annual appropriation ordinance for the year 1987 annexed to and made a part of this ordinance. The amounts appropriated and levied for each of said purposes, respectively, are set forth below in separate columns:

Appropriations for Expenditures and Amounts Levied for the Fiscal Year
Beginning January 1, 1987 and Ending December 31, 1987

CORPORATE FUND - 100

<u>Code</u>		<u>Amounts Appropriated</u>	<u>Amounts Levied</u>
	OFFICE OF THE MAYOR-01		
2005.0000	For personal services.....	2,575,456	
2005.0100	For contractual services	366,700	
2005.0200	For travel	55,500	
2005.0300	For commodities	41,800	
2005.0400	For equipment	3,000	
2005.0700	For contingencies	65,000	
	Total for Office of the Mayor	<u>3,107,456</u>	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
		\$	\$
OFFICE OF MUNICIPAL INVESTIGATIONS-03			
2005.0000	For personal services.....	536,854	
2005.0100	For contractual services	87,823	
2005.0200	For travel	1,000	
2005.0300	For commodities	41,700	
2005.0400	For equipment	14,125	
2005.0700	For contingencies	40,000	
	Total for Office of Municipal		
	Investigations	721,502	
OFFICE OF BUDGET AND MANAGEMENT-05			
Budgetary Division			
2005.0000	For personal services	1,280,896	
2005.0100	For contractual services	156,660	
2005.0200	For travel	400	
2005.0300	For commodities	9,200	
2005.0700	For contingencies	100	
	Total for Budgetary Division	1,447,256	
Data Center			
2010.0000	For personal services	6,590,214	
2010.0100	For contractual services	3,414,151	
2010.0200	For travel	2,000	
2010.0300	For commodities	318,616	
2010.0400	For equipment	24,650	
	Total for Data Center	10,349,631	
	Total for Office of Budget & Management	11,796,887	
DEPARTMENT OF ECONOMIC DEVELOPMENT-07			
2005.0000	For personal services	424,478	
2005.0100	For contractual services	188,000	
2005.0200	For travel	19,900	
2005.0300	For commodities	13,000	
2005.0400	For equipment	2,600	
	Total for Department of Economic		
	Development	647,978	
MAYOR'S OFFICE OF INQUIRY AND INFORMATION-11			
2005.0000	For personal services	1,851,278	
2005.0100	For contractual services	796,408	
2005.0200	For travel	1,000	
2005.0300	For commodities	17,500	
2005.0700	For contingencies	1,000	
	Total for Mayor's Office of Inquiry and		
	Information	2,667,186	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
		\$	\$
CITY COUNCIL-15			
2005.0000	For personal services	5,125,884	
2005.0100	For contractual services	10,000	
2005.0200	For travel	264,000	
2005.0700	For contingencies	60,000	
2005.0900	For specific purposes-financial.....	1,000	
2005.9000	For specific purposes-general.....	2,467,489	
	Total for City Council	<u>7,928,373</u>	
CITY COUNCIL COMMITTEES			
Committee on Finance			
2010.0000	For personal services	928,668	
2010.0100	For contractual services	134,600	
2010.0200	For travel	12,050	
2010.0300	For commodities	10,800	
2010.0700	For contingencies	100	
2020.9000	For specific purposes-general.....	790,000	
	Total for Committee on Finance	<u>1,876,218</u>	
Committee on the Budget			
2013.0000	For personal services	315,972	
2013.0700	for contingencies	30,000	
	Total for Committee on the Budget	<u>345,972</u>	
Committee on Administration, Reorgan- ization, Personnel and Employment			
2015.0000	For personal services	98,300	
2015.0100	For contractual services	3,500	
2015.0200	For travel	250	
2015.0300	For commodities	1,250	
	Total for Committee on Administration, Reorganization, Personnel and Employment	<u>103,300</u>	
Committee on Aviation			
2020.0000	For personal services	79,800	
2020.0100	For contractual services	200	
2020.0200	For travel	500	
2020.0300	For commodities	500	
2020.0700	For contingencies	750	
	Total for Committee on Aviation	<u>81,750</u>	
Committee on Beautification and Recreation			
2025.0000	For personal services	76,500	
2025.0100	For contractual services	2,500	
2025.0300	For commodities	500	
	Total for Committee on Beautification and Recreation	<u>79,500</u>	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
		\$	\$
City Council Committees (Continued)			
Committee on Buildings			
2030.0000	For personal services	115,000	
2030.0100	For contractual services	12,000	
2030.0200	For travel	2,000	
2030.0300	For commodities	1,500	
	Total for Committee on Buildings.....	130,500	
Committee on Claims and Liabilities			
2040.0000	For personal services	61,000	
2040.0100	For contractual services	2,000	
2040.0200	For travel	1,000	
2040.0300	For commodities	1,000	
	Total for Committee on Claims and Liabilities	65,000	
Committee on Committees and Rules			
2045.0000	For personal services	120,000	
2045.0100	For contractual services	2,000	
2045.0300	For commodities	500	
	Total for Committee on Committees and Rules	122,500	
Committee on Historical Landmark Preservation			
2050.0000	For personal services	60,000	
2050.0100	For contractual services	2,500	
2050.0200	For travel	500	
2050.0300	For commodities	1,000	
2050.0700	For contingencies	2,000	
	Total for Committee on Historical Landmark Preservation	66,000	
Committee on Economic Development			
2055.0000	For personal services	79,000	
2055.0100	For contractual services	1,000	
2055.0200	For travel	100	
2055.0300	For commodities	500	
2055.0700	For contingencies	1,000	
	Total for Committee on Economic Development	81,600	
Committee on Education			
2060.0000	For personal services	81,900	
2060.0100	For contractual services	3,000	
2060.0200	For travel	1,800	
2060.0700	For contingencies	2,000	
	Total for Committee on Education	88,700	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u> \$	<u>Amounts</u> <u>Levied</u> \$
City Council Committees (Continued)			
Committee on Energy and Environmental Protection, and Public Utilities			
2070.0000	For personal services	73,500	
2070.0100	For contractual services	1,500	
	Total for Committee on Energy and Environmental Protection	75,000	
Committee on Health			
2075.0000	For personal services	110,000	
2075.0100	For contractual services	1,500	
2075.0200	For travel	1,000	
2075.0300	For commodities	300	
2075.0700	For contingencies	2,000	
	Total for Committee on Health	114,800	
Committee on Housing			
2080.0000	For personal services	89,714	
2080.0100	For contractual services	1,500	
2080.0200	For travel	1,000	
2080.0300	For commodities	300	
2080.0700	For contingencies	1,400	
	Total for Committee on Housing and Neighborhood Development	93,914	
Committee on Human Rights and Consumer Protection			
2090.0000	For personal services	73,350	
2090.0100	For contractual services	150	
2090.0300	For commodities	2,000	
	Total for Committee on Human Rights and Consumer Protection	75,500	
Committee on Intergovernmental Relations			
2100.0000	For personal services	70,000	
2100.0100	For contractual services	300	
2100.0200	For travel	1,000	
2100.0300	For commodities	2,000	
2100.0700	For contingencies	3,500	
	Total for Committee on Intergovernmental Relations	76,800	
Committee on Land Acquisition, Disposition and Leases			
2105.0000	For personal services	85,000	
2105.0100	For contractual services	100	
2105.0300	For commodities	200	
2105.0700	For contingencies	1,500	
	Total for Committee on Land Acquisition and Disposition	86,800	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
		\$	\$
City Council Committee (Continued)			
Committee on Licenses			
2115.0000	For personal services	88,000	
2115.0100	For contractual services	2,000	
2115.0200	For travel	200	
2115.0300	For commodities	200	
2115.0700	For contingencies	500	
	Total for Committee on Licenses	<u>90,900</u>	
Committee on Streets and Alleys			
2120.0000	For personal services	104,000	
2120.0100	For contractual services	9,600	
2120.0300	For commodities	1,000	
2120.0700	For contingencies	700	
	Total for Committee on Streets and Alleys	<u>115,300</u>	
Committee on Local Transportation			
2125.0000	For personal services	29,844	
	Total for Committee on Local Transportation	<u>29,844</u>	
Committee on Police, Fire and Municipal Institutions			
2135.0000	For personal services	88,000	
2135.0100	For contractual services	1,000	
2135.0200	For travel	300	
2135.0300	For commodities	1,000	
2135.0700	For contingencies	500	
	Total for Committee on Police and Fire	<u>90,800</u>	
Committee on Ports, Wharves, and Bridges			
2140.0000	For personal services	69,900	
2140.0100	For contractual services	200	
2140.0300	For commodities	300	
2140.0700	For contingencies	500	
	Total for Committee on Ports, Wharves, and Bridges	<u>70,900</u>	
Committee on Aging and Disability			
2150.0000	For personal services	53,508	
2150.0100	For contractual services	200	
2150.0300	For commodities	300	
2150.0700	For contingencies	500	
	Total for Committee on Aging and Disabled	<u>54,508</u>	

<u>Code</u>	<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
	\$	\$
City Council Committees (Continued)		
Committee on Special Events and Cultural Affairs		
2155.0000 For personal services	103,600	
2155.0100 For contractual services	20,000	
2155.0200 For travel	5,000	
2155.0300 For commodities	2,000	
2155.0700 For contingencies	2,000	
Total for Committee on Special Events and World's Fair	132,600	
Committee on Zoning		
2170.0000 For personal services	247,000	
2170.0100 For contractual services	5,300	
2170.0200 For travel	5,000	
2170.0300 For commodities	6,000	
Total for Committee on Zoning	263,300	
Committee on Animal Treatment and Control		
2180.0700 For contingencies	54,600	
Total for Committee on Animal Treatment and Control	54,600	
Committee on Community Maintenance and Development		
2184.0000 For personal services	76,000	
2184.0100 For contractual services	2,000	
2184.0200 For travel	2,000	
2184.0300 For commodities	2,000	
2184.0700 For contingencies	2,000	
Total for Committee on Community Maintenance and Development	84,000	
Total for City Council Committees	4,550,606	
CITY COUNCIL LEGISLATIVE REFERENCE BUREAU		
2195.0000 For personal services	235,980	
2195.0100 For contractual services	16,000	
2195.0200 For travel	6,000	
2195.0300 For commodities	3,000	
Total for City Council Legislative Reference Bureau	260,980	
MUNICIPAL REFERENCE LIBRARY-17		
2005.0000 For personal services	594,033	
2005.0100 For contractual services	75,200	
2005.0200 For travel	100	
2005.0300 For commodities	80,500	
2005.0400 For equipment	1,500	
Total for Municipal Reference Library ..	751,333	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
DEPARTMENT OF PLANNING-19			
2005.0000	For personal services	1,714,605	
2005.0100	For contractual services	562,400	
2005.0200	For travel	1,500	
2005.0300	For commodities	43,000	
2005.0700	For contingencies	1,000	
2005.9000	For specific purposes-general.....	5,000	
	Total for Department of Planning	<u>2,327,505</u>	
DEPARTMENT OF HOUSING-21			
2005.0000	For personal services	451,199	
2005.0100	For contractual services	218,480	
2005.0200	For travel	400	
2005.0300	For commodities	6,550	
2005.0400	For equipment	700	
	Total for Department of Housing	<u>677,329</u>	
DEPARTMENT OF CULTURAL AFFAIRS-23			
2005.0000	For personal services	585,586	
2005.0100	For contractual services	316,000	
2005.0200	For travel	3,000	
2005.0300	For commodities	37,700	
2005.0700	For contingencies	7,000	
	Total for Department of Cultural Affairs	<u>949,286</u>	
CITY CLERK-25			
2005.0000	For personal services	1,318,231	
2005.0100	For contractual services	750,500	
2005.0300	For commodities	32,000	
	Total for City Clerk	<u>2,100,731</u>	
DEPARTMENT OF FINANCE			
CITY COMPTROLLER-27			
2005.0000	For personal services	5,250,936	
2005.0100	For contractual services	908,441	
2005.0200	For travel	6,200	
2005.0300	For commodities	130,335	
2005.0400	For equipment	7,500	
	Total for City Comptroller	<u>6,303,412</u>	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
		\$	\$
CITY COMPTROLLER			
SPECIAL ACCOUNTING DIVISION-27			
2010.0000	For personal services	2,152,172	
2010.0100	For contractual services	91,925	
2010.0200	For travel	6,000	
2010.0300	For commodities	21,575	
2010.0400	For equipment	30,500	
	Total for Special Accounting Division ..	<u>2,302,172</u>	
CITY TREASURER-27			
2015.0000	For personal services	749,291	
2015.0100	For contractual services	144,575	
2015.0200	For travel	11,500	
2015.0300	For commodities	9,800	
2015.0700	For contingencies	7,700	
	Total for City Treasurer	<u>922,866</u>	
DEPARTMENT OF REVENUE-29			
2005.0000	For personal services	5,584,544	
2005.0100	For contractual services	3,980,171	
2005.0200	For travel	39,000	
2005.0300	For commodities	594,115	
2005.0400	For equipment	69,600	
2005.0500	For permanent improvements	115,000	
	Total for Department of Revenue	<u>10,382,430</u>	
DEPARTMENT OF LAW-31			
2005.0000	For personal services	8,699,220	
2005.0100	For contractual services	3,357,800	
2005.0200	For travel	35,900	
2005.0300	For commodities	127,000	
2005.0400	For equipment	10,000	
2005.0700	For contingencies	13,000	
	Total for Department of Law	<u>12,242,920</u>	
DEPARTMENT OF PERSONNEL-33			
2005.0000	For personal services	5,603,508	
2005.0100	For contractual services	1,163,910	
2005.0200	For travel	2,700	
2005.0300	For commodities	112,851	
2005.0400	For equipment	18,889	
2005.0500	For permanent improvements	500	
2005.0700	For contingencies	500	
	Total for Department of Personnel	<u>6,902,358</u>	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
		\$	\$
DEPARTMENT OF PURCHASES; CONTRACTS AND SUPPLIES-35			
2005.0000	For personal services	4,539,086	
2005.0100	For contractual services	1,102,500	
2005.0200	For travel	8,000	
2005.0300	For commodities	110,000	
2005.0400	For equipment	25,000	
2005.0500	For permanent improvements	5,000	
2005.0700	For contingencies	1,000	
	Total for Department of Purchases, Contracts and Supplies	<u>5,790,586</u>	
BOARD OF ELECTION COMMISSIONERS-39			
2005.0000	For personal services	8,255,036	
2005.0100	For contractual services	5,907,506	
2005.0200	For travel	63,400	
2005.0300	For commodities	516,248	
2005.0400	For equipment	141,500	
2005.0500	For permanent improvements	15,000	
2005.0700	For contingencies	35,400	
	Total for Board of Election Commissioners	<u>14,934,090</u>	
DEPARTMENT OF HEALTH-41			
1005.0000	For personal services	30,976,088	
1005.0100	For contractual services	2,717,163	
1005.0200	For travel	44,700	
1005.0300	For commodities	3,131,880	
1005.0400	For equipment	37,583	
1005.9000	For specific purposes-general	1,000,000	
	Total for Department of Health	<u>37,907,414</u>	
HEALTH SYSTEM AGENCY-43			
2005.0000	For personal services	321,265	
2005.0100	For contractual services	21,900	
2005.0200	For travel	300	
2005.0300	For commodities	2,000	
	Total for Health System Agency	<u>345,465</u>	
COMMISSION ON HUMAN RELATIONS-45			
2005.0000	For personal services	434,142	
2005.0100	For contractual services	40,600	
2005.0200	For travel	1,300	
2005.0300	For commodities	3,400	
2005.0700	For contingencies	600	
	Total for Commission on Human Relations	<u>480,042</u>	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u> \$	<u>Amounts</u> <u>Levied</u> \$
	DEPARTMENT ON AGING AND DISABILITIES-47		
2005.0000	For personal services	1,306,145	
2005.0100	For contractual services	144,000	
2005.0200	For travel	37,000	
2005.0300	For commodities	213,700	
2005.0400	For equipment	2,000	
2005.0700	For contingencies	500	
	Total for Department on Aging and Disabilities	1,703,345	
	CHICAGO COMMISSION ON WOMEN'S AFFAIRS-49		
2005.0000	For personal services	196,070	
2005.0100	For contractual services	26,900	
2005.0200	For travel	1,000	
2005.0300	For commodities	3,000	
2005.0400	For equipment	2,200	
2005.0700	For contingencies	4,000	
	Total for Commission on Women's Affairs	233,170	
	LATINO AFFAIRS COMMISSION-51		
2005.0000	For personal services	181,046	
2005.0100	For contractual services	31,900	
2005.0200	For travel	1,475	
2005.0300	For commodities	4,325	
2005.0700	For contingencies	2,300	
	Total for Latino Affairs Commission	221,046	
	DEPARTMENT OF HUMAN SERVICES-53		
2005.0000	For personal services	3,989,128	
2005.0100	For contractual services	755,340	
2005.0200	For travel	2,000	
2005.0300	For commodities	3,021,800	
2005.0400	For equipment	35,900	
2005.9000	For specific purposes-general	3,000,000	
	Total for Department of Human Services..	10,804,168	
	POLICE BOARD-55		
2005.0000	For personal services	147,012	
2005.0100	For contractual services	59,800	
2005.0300	For commodities	7,000	
2005.0700	For contingencies	7,000	
	Total for Police Board	220,812	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
		\$	\$
DEPARTMENT OF POLICE-57			
1005.0000	For personal services	468,266,936	21,334,183
1005.0100	For contractual services	10,558,400	
1005.0200	For travel	1,600	
1005.0300	For commodities	12,299,450	
1005.0400	For equipment	262,700	
1005.0500	For permanent improvements	76,500	
1005.0700	For contingencies	100,000	
1005.9000	For specific purposes	965,250	
	Total for Department of Police	492,530,836	
FIRE DEPARTMENT-59			
2005.0000	For personal services	207,477,655	9,451,074
2005.0100	For contractual services	7,184,500	
2005.0200	For travel	225,000	
2005.0300	For commodities	3,334,700	
2005.0400	For equipment	152,600	
2005.0600	For land	14,000	
2005.0700	For contingencies	5,000	
2005.9000	For specific purpose-general	250,000	
	Total for Fire Department	218,643,455	
FIRE DEPARTMENT - OFFICE OF EMERGENCY PREPAREDNESS AND DISASTER SERVICES			
2010.0000	For personal services	370,188	
2010.0100	For contractual services	45,400	
2010.0300	For commodities	25,700	
2010.0400	For equipment	17,200	
	Total for Fire Department - Office of Emergency Preparedness/Disaster Services	458,488	
DEPARTMENT OF ZONING-61			
2005.0000	For personal services	481,089	
2005.0100	For contractual services	46,400	
2005.0200	For travel	6,980	
2005.0300	For commodities	3,700	
2005.0700	For contingencies	500	
	Total for Department of Zoning	538,669	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
		\$	\$
ZONING BOARD OF APPEALS-63			
2005.0000	For personal services	197,440	
2005.0100	For contractual services	20,200	
2005.0200	For travel	500	
2005.0300	For commodities	2,500	
	Total for Zoning Board of Appeals	<u>220,640</u>	
COMMISSION ON CHICAGO HISTORICAL AND ARCHITECTURAL LANDMARKS-65			
2005.0000	For personal services	323,469	
2005.0100	For contractual services	28,100	
2005.0200	For travel	400	
2005.0300	For commodities	4,800	
2005.0400	For equipment	1,300	
2005.0700	For contingencies	1,000	
	Total for Commission on Chicago Historical and Architectural Landmarks	<u>359,069</u>	
DEPARTMENT OF INSPECTIONAL SERVICES-67			
2005.0000	For personal services	14,837,387	
2005.0100	For contractual services	764,200	
2005.0200	For travel	237,700	
2005.0300	For commodities	131,500	
2005.0400	For equipment	16,700	
2005.0500	For permanent improvements	1,500,000	
2005.0700	For contingencies	5,000	
	Total for Department of Inspectional Services	<u>17,492,437</u>	
BUILDING BOARD OF APPEALS-69			
2005.0000	For personal services	107,881	
2005.0100	For contractual services	8,900	
2005.0200	For travel	200	
2005.0300	For commodities	1,300	
	Total for Building Board of Appeals	<u>118,281</u>	
DEPARTMENT OF CONSUMER SERVICES-71			
2005.0000	For personal services	5,171,971	
2005.0100	For contractual services	291,000	
2005.0200	For travel	53,000	
2005.0300	For commodities	105,600	
2005.0400	For equipment	14,500	
	Total for Department of Consumer Services	<u>5,636,071</u>	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
	COMMISSION ON ANIMAL CARE AND CONTROL-73		
2005.0000	For personal services	1,834,571	
2005.0100	For contractual services	99,835	
2005.0300	For commodities	160,550	
2005.0400	For equipment	10,000	
2005.0700	For contingencies	1,500	
	Total for Commission on Animal Care and Control	2,106,456	
	MAYOR'S LICENSE COMMISSION AND LOCAL LIQUOR CONTROL COMMISSIONER-75		
	(To be expended under the direction of the Mayor)		
2005.0000	For personal services	171,808	
2005.0100	For contractual services	100,900	
2005.0300	For commodities	1,900	
2005.0700	For contingencies	500	
	Total for Mayor's License Commission and Local Liquor Control Commissioner	275,108	
	LICENSE APPEAL COMMISSION-77		
2005.0000	For personal services	67,476	
2005.0100	For contractual services	4,250	
2005.0700	For contingencies	200	
	Total for License Appeal Commission	71,926	
	BOARD OF ETHICS-78		
2005.0000	For personal services	173,454	
2005.0100	For contractual services	70,470	
2005.0200	For travel	2,300	
2005.0300	For commodities	9,000	
2005.0700	For contingencies	500	
	Total for Board of Ethics	255,724	
	OFFICE OF CABLE COMMUNICATIONS ADMINISTRATION-79		
2005.0000	For personal services	649,772	
2005.0100	For contractual services	80,700	
2005.0300	For commodities	17,300	
2005.0700	For contingencies	8,000	
	Total for Office of Cable Communications Administration	755,772	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
		\$	\$
DEPARTMENT OF STREETS AND SANITATION-81			
COMMISSIONER'S OFFICE			
2005.0000	For personal services	2,383,892	
2005.0100	For contractual services	302,250	
2005.0200	For travel	10,000	
2005.0300	For commodities	30,850	
2005.0400	For equipment	3,100	
2005.0700	For contingencies	800	
	Total for Commissioner's Office	<u>2,730,892</u>	
BUREAU OF STREETS			
2015.9064	Maintenance of streets/pavements	3,188,000	
	Total for Bureau of Streets	<u>3,188,000</u>	
BUREAU OF SANITATION			
2020.0000	For personal services	58,815,161	
2020.0100	For contractual services	23,893,741	
2020.0200	For travel	95,000	
2020.0300	For commodities	1,050,500	
2020.0400	For equipment	16,500	
	Total for Bureau of Sanitation	<u>83,870,902</u>	
BUREAU OF RODENT CONTROL			
2025.0000	For personal services	2,985,508	
2025.0100	For contractual services	650,150	
2025.0200	For travel	10,000	
2025.0300	For commodities	164,350	
2025.0400	For equipment	2,000	
2025.0700	For contingencies	500	
	Total for Bureau of Rodent Control	<u>3,812,508</u>	
BUREAU OF ELECTRICITY			
Electrical Maintenance and Operation Division			
2030.0000	For personal services	9,970,894	
2030.0100	For contractual services	3,243,300	
2030.0200	For travel	110,100	
2030.0300	For commodities	1,915,000	
2030.0400	For equipment	12,500	
	Total for Electrical Maintenance and Operation Division	<u>15,251,794</u>	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
DEPARTMENT OF STREETS AND SANITATION (Continued)			
Electrical Construction Division			
2035.0000	For personal services	15,029,443	
2035.0100	For contractual services	3,126,500	
2035.0200	For travel	55,800	
2035.0300	For commodities	2,525,000	
2035.0400	For equipment	10,000	
2035.9000	For specific purposes-general	1,753,056	
	Total for Electrical Construction Division	<u>22,499,799</u>	
Electrical Wiring and Communications Division			
2040.0000	For personal services	7,680,011	
2040.0100	For contractual services	307,000	
2040.0200	For travel	20,200	
2040.0300	For commodities	2,110,465	
2040.0400	For equipment	75,500	
	Total for Electrical Wiring and Communications Division	<u>10,193,176</u>	
	Total for Bureau of Electricity	<u>47,944,769</u>	
BUREAU OF EQUIPMENT SERVICE			
2050.0000	For personal services	27,433,406	
2050.0100	For contractual services	4,408,100	
2050.0200	For travel	18,100	
2050.0300	For commodities	9,677,895	
2050.0400	For equipment	10,000	
	Total for Bureau of Equipment Service ..	<u>41,547,501</u>	
BUREAU OF FORESTRY, PARKWAYS AND BEAUTIFICATION			
2060.0000	For personal services	6,603,333	
2060.0100	For contractual services	1,397,600	
2060.0200	For travel	95,000	
2060.0300	For commodities	295,038	
2060.0400	For equipment	42,500	
	Total for Bureau of Forestry, Parkways and Beautification	<u>8,433,471</u>	
	Total for Department of Streets and Sanitation	<u>191,528,043</u>	
DEPARTMENT OF PUBLIC WORKS-83			
COMMISSIONER'S OFFICE			
2005.0000	For personal services	889,021	
2005.0100	For contractual services	59,750	
2005.0200	For travel	200	
2005.0400	For equipment	2,500	
2005.0700	For contingencies	1,000	
	Total for Commissioner's Office	<u>952,471</u>	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
		\$	\$
DEPARTMENT OF PUBLIC WORKS (Continued)			
ADMINISTRATION DIVISION			
2015.0000	For personal services	1,561,064	
2015.0100	For contractual services	289,328	
2015.0200	For travel	300	
2015.0300	For commodities	70,500	
2015.0400	For equipment	2,500	
	Total for Administration Division	<u>1,923,692</u>	
BUREAU OF TRANSPORTATION PLANNING AND PROGRAMMING			
2020.0000	For personal services	1,612,898	
2020.0100	For contractual services	156,700	
2020.0300	For commodities	21,500	
2020.0400	For equipment	15,000	
	Total for Bureau of Transportation Planning and Programming	<u>1,806,098</u>	
BUREAU OF ENGINEERING			
General			
2025.0000	For personal services	8,113,036	
2025.0100	For contractual services	799,734	
2025.0200	For travel	5,100	
2025.0300	For commodities	69,600	
2025.0400	For equipment	16,600	
	Total for Bureau of Engineering - General	<u>9,004,070</u>	
Bridge Maintenance and Operation			
2035.0000	For personal services	2,123,808	
2035.0100	For contractual services	736,340	
2035.0200	For travel	1,000	
2035.0300	For commodities	32,400	
	Total for Bridge Maintenance and Operation	<u>2,893,548</u>	
	Total for Bureau of Engineering	<u>11,897,618</u>	
BUREAU OF MAPS AND PLATS			
2050.0000	For personal services	324,617	
2050.0100	For contractual services	152,150	
2050.0200	For travel	100	
	Total for Bureau of Maps and Plats	<u>476,867</u>	
BUREAU OF ARCHITECTURE			
2055.0000	For personal services	2,695,474	
2055.0100	For contractual sevices	199,450	
2055.0200	For travel	400	
2055.0300	For commodities	30,390	
2055.0400	For equipment	7,210	
	Total for Bureau of Architecture	<u>2,932,924</u>	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
DEPARTMENT OF PUBLIC WORKS (Continued)			
BUREAU OF CONSTRUCTION SERVICES			
2060.0000	For personal services	11,334,385	
2060.0100	For contractual services	533,575	
2060.0200	For travel	23,700	
2060.0300	For commodities	1,411,000	
2060.0400	For equipment	83,700	
	Total for Bureau of Construction Services	<u>13,386,360</u>	
BUREAU OF CONSTRUCTION MANAGEMENT			
2063.0000	For personal services	6,581,018	
2063.0100	For contractual services	53,100	
2063.0200	For travel	2,300	
2063.0300	For commodities	8,000	
2063.0400	For equipment	10,200	
	Total for Bureau of Construction Services	<u>6,654,618</u>	
BUREAU OF BUILDINGS MANAGEMENT			
2065.0000	For personal services	10,575,943	
2065.0100	For contractual services	5,728,305	
2065.0200	For travel	200	
2065.0300	For commodities	643,000	
2065.0400	For equipment	40,000	
2065.9000	For specific purpose-general	1,385,240	
	Total for Bureau of Buildings Management	<u>18,372,688</u>	
	Total for Department of Public Works ...	58,403,336	
DEPARTMENT OF AVIATION-85			
ADMINISTRATION			
2005.0000	For personal services	384,226	
2005.0100	For contractual services	22,550	
2005.0200	For travel	250	
2005.0300	For commodities	20,000	
2005.0700	For contingencies	95	
	Total for Administration	<u>427,121</u>	
MERRILL C. MEIGS FIELD			
2020.0000	For personal services	368,769	
2020.0100	For contractual services	42,600	
2020.0300	For commodities	9,350	
2020.0700	For contingencies	30	
	Total for Merrill C. Meigs Field	<u>420,749</u>	
	Total for Department of Aviation	<u>847,370</u>	

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
		\$	\$
FINANCE GENERAL - OTHER OPERATING EXPENSES-99			
2005.0000	For personal services	180,372,352	
2005.0100	For contractual services	1,995,500	
2005.0200	For travel	363,000	
2005.0400	For equipment	150,000	
2005.0500	For permanent improvements	50,000	
2005.0600	For land	150,000	
2005.0931	For payment of non-tort judgements	2,755,000	
	Medical expenses incurred while in		
2005.0933	police custody	250,000	
	Claims for damages and liabilities		
	against the City when ordered paid by		
2005.0934	the City Council	400,000	
	For payment of claims for hospital		
	and medical expenses of City employees		
	injured while in performance of their		
	duties who are not included in the pro-		
	visions of the worker's compensation act,		
2005.0937	as may be ordered by the City Council...	4,000,000	
	For the reimbursement of condominium		
	and cooperative garbage collection fees,		
	to be paid pursuant to claims made for		
	reimbursement presented to the City		
	Comptrollers Office (all claims shall		
	be paid pursuant to order of the City		
2005.0939	Council	2,500,000	
2005.0955	Interest on Daily Tender Notes	26,204,380	
2005.0957	Cost of Issuance for Daily Tender Notes	1,500,000	
2005.0984	Taxes and Assessments on City Property .	525,000	
	For refunds for cancelled voucher war-		
	rants and payroll checks and for refund-		
	ing duplicate payments and payments made		
2005.0989	in error	150,000	
	To provide for matching and supple-		
	mentary funds for grants currently in		
	effect as well as new grants to be		
	expended under the direction of the		
2005.0991	Budget Director	2,400,000	
	For the analysis and implementation of		
	improvements in departmental operations		
	and management and personnel practices		
	and control: to be expended under the		
2005.9002	direction of the Mayor	500,000	

<u>Code</u>	<u>Amounts Appropriated</u> \$	<u>Amounts Levied</u> \$
FINANCE GENERAL (Continued)		
2005.9044	100,000	
For the selection and engagement of a claims adjustment firm for tort liabilities: to be expended upon the recommendation of the Risk Manager and Corporation Counsel		
2005.9050	200,000	
For expenses in connection with the activities of the Economic Development Commission: to be expended at the direction of the Chairman of the Economic Development Commission		
2005.9059	150,000	
Tax advocacy program to provide education and information to public about the property tax system		
2005.9068	375,000	
To conduct a detailed technical and economic feasibility study leading to electric power franchise negotiations with Commonwealth Edison		
2005.9076	2,000,000	
City's Contribution to Medicare Tax		
2005.9077	244,000	
Telephone (to be expended at the direction of the Budget Director)		
2005.9078	167,000	
Publications (in-house services) to be expended at the direction of the Budget Director		
2005.9079	250,000	
For funding of delegate agencies: to be expended at the direction of the Budget Director		
2005.9081	150,000	
For evaluation and coordination of citywide solid waste disposal activities ...		
2005.9082	150,000	
For the initiation of a public education program designed to enhance solid waste recycling activities		
2005.9084	100,000	
Emergency bridge repair: to be expended by the Commissioner of Public Works with prior approval from the Budget Director		
2005.9086	200,000	
For employee physical examinations to be expended under the direction of the Commissioner of Personnel		
2005.9093	60,000	
For development of a citywide infrastructure inventory system: to be expended under the direction of the Budget Director		
2005.9099	1,239,470	
City share of expense of maintaining State Street Mall		

<u>Code</u>		<u>Amounts Appropriated</u> \$	<u>Amounts Levied</u> \$
FINANCE GENERAL (Continued)			
	Total for Department of Finance - General Other	229,650,702	
2020.0960	For loss in Collection of Taxes	<u>1,620,277</u>	<u>1,620,277</u>
	Total from Corporate Fund	<u>1,371,697,158</u>	<u>32,405,534</u>
LIBRARY FUND - BUILDINGS AND SITES - 342 CHICAGO PUBLIC LIBRARY-91			
2005.0100	For contractual services	2,785,250	2,354,165
2005.0400	For equipment	445,800	376,385
	Total for Library - Buildings and Sites	3,231,050	
2005.0955	Interest on Daily Tender Notes	183,000	183,000
2020.0960	For loss in collection of taxes	<u>153,371</u>	<u>153,371</u>
	Total from Library Fund - Buildings and Sites	<u>3,567,421</u>	<u>3,067,421</u>
LIBRARY FUND - MAINTENANCE AND OPERATION - 346 CHICAGO PUBLIC LIBRARY-91			
2005.0000	For personal services	22,590,595	22,590,595
2005.0100	For contractual services	4,069,970	
2005.0200	For travel	16,000	
2005.0300	For commodities	2,896,798	
2005.0400	For equipment	62,000	
	Total for Library - Maintenance and Operation	<u>29,635,363</u>	
DEPARTMENT OF FINANCE GENERAL - OTHER OPERATING EXPENSES-99			
2005.0000	For personal services	3,650,200	3,560,468
2005.0100	For contractual services	54,000	
2005.0955	Interest on Daily Tender Notes	4,200,600	4,200,600
	For program development, inspection and environmental testing of City-owned/ leased building: to be expended under the direction of the Budget Director	143,500	
2005.9083	To reimburse Corporate fund for Worker's Compensation claims	42,000	
	Total for Department of Finance General - Other Operating Expenses	<u>8,090,300</u>	
2020.0960	For loss in collection of taxes	<u>1,597,458</u>	<u>1,597,458</u>
	Total from Library Fund - Maintenance and Operation	<u>39,323,121</u>	<u>31,949,121</u>

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
		\$	\$
JUDGMENT TAX FUND - 395			
2005.0901	Interest on Judgements	1,415,000	1,415,000
2005.0904	For payment of Judgements	31,835,000	31,835,000
2005.0955	Interest on Daily Tender Notes	3,906,000	3,906,000
	Total from Judgment Tax Fund	<u>37,156,000</u>	<u>37,156,000</u>
NOTE REDEMPTION AND INTEREST FUND SERIES OF 1980 - 504			
Amounts to be levied in 1987 for the payment of notes and interest on notes:			
2005.0961	For payment of term notes	13,900,000	13,900,000
2005.0962	For payment of interest on term notes ..	2,365,000	2,365,000
	Total for principal and interest	<u>16,265,000</u>	
2020.0960	For loss in collection of taxes	856,000	856,000
	Total from Note Redemption and Interest Fund - 1980	<u>17,121,000</u>	<u>17,121,000</u>
NOTE REDEMPTION AND INTEREST FUND SERIES OF 1980-A - 506			
Amounts to be levied in 1987 for the payment of notes and interest on notes:			
2005.0961	For payment of term notes	2,500,000	2,500,000
2005.0962	For payment of interest on term notes ..	1,375,000	1,375,000
	Total for principal and interest	<u>3,875,000</u>	
2020.0960	For loss in collection of taxes	204,000	204,000
	Total from Note Redemption and Interest Fund - 1980-A	<u>4,079,000</u>	<u>4,079,000</u>
BOND REDEMPTION AND INTEREST FUND - 508			
Amounts to be levied in 1987 for the payment of bonds and interest on bonds:			
2005.0902	For interest on bonds	165,000	165,000
2005.0912	For payment of bonds	112,035	112,035
	Total for principal and interest	<u>277,035</u>	
2020.0960	For loss in collection of taxes	2,965	2,965
	Total from Bond Redemption and Interest Fund	<u>280,000</u>	<u>290,000</u>

<u>Code</u>		<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Levied</u>
	NOTE REDEMPTION AND INTEREST FUND		
	SERIES OF 1984-C, 1985-C & 1986-C - 509		
	Amounts to be levied in 1986 for the		
	payment of notes and interest on notes:		
2005.0961	For payment of term notes	11,800,000	11,800,000
2005.0962	For payment of interest on term notes ..	3,054,000	3,054,000
	Total for principal and interest	<u>14,854,000</u>	
2020.0960	For loss in collection of taxes	782,000	782,000
	Total from Redemption and Interest Fund		
	- 1984-C, 1985-C & 1986 C	<u>15,636,000</u>	<u>15,636,000</u>
	 BOND REDEMPTION AND INTEREST FUND - 510		
	Amounts appropriated in 1987 for the		
	payment of bonds and interest on bonds:		
	For payment of bonds:		
	Community Improvement and Development -		
	1975	3,000,000	
	Electric Street Lighting Installation		
	and Improvement - 1976	770,000	
	Emergency Communication/Dispatch System		
	- 1977	500,000	
	Fire Department Apparatus - 1976	385,000	
	General Obligation, Series of April - 1981	650,000	
	General Obligation Project Bond - 1985 .	2,700,000	
	Refunding Series - 1985	2,740,000	
	911 Universal Emergency Service System		
	- 1976	460,000	
	O'Hare Rapid Transit Extension - 1977 ..	930,000	
	Police Department Equipment - 1977	500,000	
	Refuse Disposal Facilities		
	Improvement - 1976	690,000	
	Sewer - 1973	3,000,000	
	Sewer - 1977	2,300,000	
	Solid Waste Processing Plant - 1973	900,000	
	Streets and Sanitation Department		
	Equipment - 1977	<u>575,000</u>	
2005.0912	Total for payment of bonds	20,100,000	17,022,789
2005.0902	For interest on bonds	40,976,000	34,718,211
	Total for specific purpose - financial..	<u>61,076,000</u>	
2020.0960	For loss in collection of taxes	2,724,000	2,724,000
	Total from Bond Redemption & Interest Fund	<u>63,800,000</u>	<u>54,465,000</u>

<u>Code</u>		<u>Amounts Appropriated</u> \$	<u>Amounts Levied</u> \$
NOTE REDEMPTION AND INTEREST FUND - 512			
Amount to be Levied in 1987 for the Payment of Notes			
2005.0961	For payment of Term Notes	75,932,370	75,932,370
2020.0960	For loss in collection of taxes	3,996,441	3,996,441
	Total from Note Redemption and Interest Fund Series of 1987	<u>79,928,811</u>	<u>79,928,811</u>
CITY RELIEF FUND - 660			
For general assistance to persons in need thereof, residing within the City of Chicago, and expenditures for the			
2005.0930	administration thereof	13,830,000	12,454,430
2005.0955	Interest on Daily Tender Notes	1,915,000	1,730,570
2020.0960	For loss in collection of taxes	747,000	747,000
	Total from City Relief Fund	<u>16,492,000</u>	<u>14,932,000</u>
MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND - 681			
2025.0976	For the City's contribution to employees' annuity and benefit fund	<u>90,799,000</u>	<u>78,264,000</u>
LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND - 682			
2025.0976	For the City's contribution to employees' annuity and benefit fund	<u>15,260,000</u>	<u>12,408,000</u>
POLICEMEN'S ANNUITY AND BENEFIT FUND - 683			
2025.0976	For the City's contribution to employees' annuity and benefit fund	<u>69,396,000</u>	<u>58,271,000</u>
FIREMEN'S ANNUITY AND BENEFIT FUND - 684			
2025.0976	For the City's contribution to employees' annuity and benefit fund	<u>30,722,000</u>	<u>25,927,000</u>
PARK EMPLOYEES' ANNUITY AND BENEFIT FUND - 691			
2025.0976	For the City's contribution to employees' annuity and benefit fund	<u>66,000</u>	<u>36,000</u>
	Total Tax Levy		<u>\$465,925,887</u>

SECTION 2. The City Clerk is directed to file certified copies of this ordinance together with copies of the annexed annual appropriation ordinance for the year 1987, with the County Clerk of Cook County and with the County Clerk of Du Page County.

SECTION 3. This ordinance shall be effective January 1, 1987.

Action Deferred -- PROVISION FOR ABOLITION OF WORKING
CASH FUND AND CONSOLIDATION OF WORKING CASH
FUND WITH CORPORATE FUND.

The Committee on Finance submitted the following report which was, on motion of Alderman Burke and Alderman Stone, *Deferred* and ordered published:

CHICAGO, November 24, 1986.

To the President and Members of the City Council:

Your Committee on Finance to which was referred an ordinance providing for the abolition of the Working Cash Fund and the consolidation of the Working Cash Fund with the Corporate Fund, having had the same under advisement, begs leave to report and recommend that Your Honorable Body pass the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,
(Signed) EDWARD M. BURKE,
Chairman.

The proposed ordinance attached to the foregoing committee report reads as follows:

WHEREAS, The City of Chicago, Illinois (the "City") has previously created a working cash fund (the "Working Cash Fund") for the purpose of having sufficient cash to provide for payment of corporate liabilities of the City; and

WHEREAS, For the purpose of funding the Working Cash Fund, the City from time to time issued working cash fund bonds and deposited the net proceeds thereof in the Working Cash Fund; and

WHEREAS, All bonds previously issued to fund the Working Cash Fund have paid in full as to principal and interest and taxes are no longer levied and collected to pay debt service on such bonds; and

WHEREAS, It is no longer necessary for the City to have a separate Working Cash Fund in order to have sufficient cash to provide for the payment of corporate liabilities of the City; and

WHEREAS, It is in the best interest of the City for the Working Cash Fund to be abolished and for it to be consolidated with the Corporate Fund of the City for all purposes, including for purposes of financial reporting and accounting; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The Municipal Code of Chicago is hereby amended by repealing Chapter 198.9A in its entirety.

SECTION 2. The City Comptroller is authorized and directed to take all action necessary to abolish the Working Cash Fund and to consolidate the Working Cash Fund with the Corporate Fund.

SECTION 3. This ordinance shall take effect immediately upon its passage.

Action Deferred -- SUBMISSION OF URBAN DEVELOPMENT
ACTION GRANT APPLICATION FOR ONTARIO
VENTURE REDEVELOPMENT PROJECT.

The Committee on Finance submitted the following report which was, on motion of Alderman Roti, Alderman Bloom, Alderman Natarus and Alderman Stone, *Deferred* and ordered published:

CHICAGO, November 24, 1986.

To the President and Members of the City Council:

Your Committee on Finance to which had been referred an ordinance authorizing the submission of an Urban Development Action Grant application for the Ontario Venture Redevelopment Project located at 401 West Ontario, in the amount of \$1,650,000 having had the same under advisement, begs leave to report and recommend that Your Honorable Body pass the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,
(Signed) EDWARD M. BURKE,
Chairman.

The proposed ordinance attached to the foregoing committee report reads as follows:

WHEREAS, In order to develop viable urban communities, the Housing and Community Development Act of 1974, as amended, provides that Urban Development Action Grants are available to cities to help fund development projects which promote decent housing and stimulate private investment in urban communities; and

WHEREAS, The Ontario Venture partners have proposed to acquire and rehabilitate a 4-story building which will provide 60,000 square feet of retail and commercial office space, located at the 401 West Ontario Street, Chicago, Illinois; and

WHEREAS, The proposed project is expected to create 210 new permanent jobs; and

WHEREAS, The City of Chicago through its Department of Planning desires to apply for an Urban Development Action Grant in an amount not to exceed \$1,650,000 to be used along with private funds in the amount of \$4,500,000 to implement and complete the proposed project; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The Mayor is hereby authorized to submit to the United States Department of Housing and Urban Development on behalf of the City of Chicago, an application for an Urban Development Action Grant in an amount not to exceed \$1,650,000 for partial funding of the Ontario Venture (401 West Ontario Street) Redevelopment Project.

SECTION 2. The Mayor or the Commissioner of Planning is authorized to act in connection with the application, to give what assurances are necessary and to provide such additional information as may be required by the United States Department of Housing and Urban Development.

SECTION 3. In the event the application is approved, the Commissioner of Planning is hereby authorized to enter into and execute on behalf of the City of Chicago, an Urban Development Action Grant Agreement with the Department of Housing and Urban Development and any amendments thereto, for the partial funding of the Ontario Venture (401 West Ontario Street) Redevelopment Project.

SECTION 4. This ordinance shall be effective by and from the date of its passage.

COMMITTEE ON COMMITTEES, RULES AND APPOINTMENTS.

Action Deferred -- APPROVAL OF APPOINTMENT OF MS.
ANNETTE BITOY AS ALDERMAN OF 34TH WARD.

The Committee on Committees, Rules and Appointments submitted the following report, which was, on motion of Alderman Burke and Alderman Madrzyk, *Deferred* and ordered published:

CHICAGO, November 24, 1986.

To the President and Members of the City Council:

Your Committee on Committees, Rules and Municipal Code Revision, to which was referred a communication concerning the appointment of Annette Bitoy to the office of Alderman of the 34th Ward of the City of Chicago to succeed the Honorable Wilson Frost, said appointment to take effect at 12:00 noon on 1 December 1986, having had the same under advisement, begs leave to report and recommend that Your Honorable Body pass the said proposed communication, which is transmitted herewith.

This recommendation was concurred in by 8 members of the committee with 1 dissenting vote.

Respectfully submitted,
(Signed) CLIFFORD P. KELLEY,
Chairman.

COMMITTEE ON ECONOMIC DEVELOPMENT.

AUTHORITY GRANTED FOR REAL ESTATE TAX INCENTIVES FOR PROPERTY LOCATED AT 4444 WEST OHIO STREET PURSUANT TO COOK COUNTY REAL PROPERTY CLASSIFICATION ORDINANCE.

The Committee on Economic Development submitted the following report:

CHICAGO, November 24, 1986.

To the President and Members of the City Council:

Your Committee on Economic Development, having had under consideration a resolution introduced by Alderman Percy Giles (37th) authorizing real estate tax incentives to Soto P. Colovos on the real estate located at 4444 West Ohio Street in Chicago (Permanent Index No. 16-10-117-001) pursuant to the Cook County Real Property Classification Ordinance, begs leave to recommend that Your Honorable Body *Pass* the said proposed resolution.

This recommendation was concurred in by seven (7) members of the committee with no dissenting votes.

Respectfully submitted,
(Signed) BERNARD J. HANSEN,
Chairman.

On motion of the Alderman Hansen, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, The County of Cook amended its Real Property Assessment Classification ordinance, effective October 1, 1984; and

WHEREAS, By virtue of this amendment a new Class 6b was added to said ordinance for incentive abatement purposes; and

WHEREAS, Class 6b of this ordinance requires that the municipality in which such real estate, proposed for Class 6b designation, is located by lawful resolution approves such real estate to be appropriate for incentive abatement; and

WHEREAS, Substantial rehabilitation will be performed on the real estate located at 4444 West Ohio Street, in the City of Chicago - Enterprise Zone V and identified as Permanent Real Estate Index Number 16-10-117-001; and

WHEREAS, The aforementioned real estate has been vacant for more than two years, is located within Enterprise Zone V in the City of Chicago, and will be utilized for manufacturing purposes by Axxios, Ltd.; and

WHEREAS, The City Council of the City of Chicago is desirous of assisting industrial development throughout the City of Chicago; now, therefore,

Be It Resolved by the City Council of the City of Chicago, That the real estate located at 4444 West Ohio Street, in the City of Chicago is hereby approved as appropriate for incentive abatement under Class 6b of the Cook County Real Property Assessment Classification Ordinance effective November 5, 1986.

AUTHORITY GRANTED FOR REAL ESTATE TAX INCENTIVES FOR
PROPERTY LOCATED 1301-1333 SOUTH ROCKWELL STREET
PURSUANT TO COOK COUNTY REAL PROPERTY
CLASSIFICATION ORDINANCE.

The Committee on Economic Development submitted the following report:

CHICAGO, November 24, 1986.

To the President and Members of the City Council:

Your Committee on Economic Development, having had under consideration a resolution introduced by Alderman Juan Soliz (25th) authorizing real estate tax incentives to the Chicago Data Destruction Corporation on the real estate located at 1301-1333 South Rockwell Avenue in Chicago (Permanent Index Nos. 16-24-204-002 and 16-24-204-003),

pursuant to the Cook County Real Property Classification Ordinance, begs leave to recommend that Your Honorable Body *Pass* said resolution.

This recommendation was concurred in by seven (7) members of the committee with no dissenting votes.

Respectfully submitted,
(Signed) BERNARD J. HANSEN,
Chairman.

On motion of Alderman Hansen, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, Chicago Data Destruction Corporation has purchased the abandoned building at 1301 -- 1333 S. Rockwell Avenue and is in process of rehabilitating said property; and

WHEREAS, Subject property is abandoned industrial property in an Enterprise Zone; and

WHEREAS, The renovated property is to be used by Chicago Data Destruction Corporation as a warehousing operation; and

WHEREAS, The Permanent Index Numbers of the subject property are as follows:

Permanent Index Nos.	Address
16-24-204-002	1301 -- 1333 S. Rockwell Avenue
16-24-204-003	Chicago, Illinois

; and

WHEREAS, The property owner has received from the Office of the Assessor acknowledgement of receipt of a "Pre-eligibility Application" for Class 6(b) classification under the Cook County Real Property Assessment Classification Ordinance, adopted by the County Board of Commissioners on October 1, 1984; now, therefore,

Be It Resolved by the City Council of the City of Chicago, That the subject property at 1301 -- 1333 S. Rockwell Avenue, Chicago, Illinois, is appropriate for class 6(b) incentive abatement under the Cook County Real Property Assessment Classification Ordinance.

COMMITTEE ON EDUCATION.

APPOINTMENT OF MRS. NELVIA M. BRADY AS MEMBER OF
BOARD OF TRUSTEES OF COMMUNITY COLLEGE
DISTRICT NUMBER 508.

The Committee on Education submitted the following report:

CHICAGO, November 21, 1986.

To the President and Members of the City Council:

Your Committee on Education, having under consideration a communication signed by Mayor Harold Washington, under date of May 14, 1986, regarding the appointment of Nelvia M. Brady, as a member of the Board of Trustees of Community College District No. 508, for a term ending June 30, 1989, succeeding Joseph B. Meegan, begs leave to recommend that Your Honorable Body *Pass* the said ordinance which is transmitted herewith:

This recommendation was concurred in by a unanimous vote.

Respectfully submitted,
(Signed) ANNA R. LANGFORD,
Chairman.

On motion of Alderman Langford, the committee's recommendation was *Concurred In* and said appointment of Nelvia M. Brady as a member of the Board of Trustees of Community College District Number 508 was *Approved* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

APPOINTMENT OF MR. RONALD GRYZWINSKI AS MEMBER OF
BOARD OF TRUSTEES OF COMMUNITY COLLEGE
DISTRICT NUMBER 508.

The Committee on Education submitted the following report:

CHICAGO, November 21, 1986.

To the President and Members of the City Council:

Your Committee on Education, having under consideration a communication signed by Mayor Harold Washington, under date of July 9, 1986, regarding the appointment of Ronald Gryzwinski, as a member of the Board of Trustees of Community College District No. 508, for a term ending June 30, 1989, succeeding Andy McGann, begs leave to recommend that Your Honorable Body pass the said ordinance, which is transmitted herewith.

This recommendation was concurred in by a unanimous vote.

Respectfully submitted,
(Signed) ANNA R. LANGFORD,
Chairman.

On motion of Alderman Langford, the committee's recommendation was *Concurred In* and said appointment of Ronald Gryzwinski as a member of the Board of Trustees of Community College District Number 508 was *Approved* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuller, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

APPOINTMENT OF MS. MARY ELLEN MONTES AS MEMBER OF
BOARD OF TRUSTEES OF COMMUNITY COLLEGE
DISTRICT NUMBER 508.

The Committee on Education submitted the following report:

CHICAGO, November 14, 1986.

To the President and Members of the City Council:

Your Committee on Education, having under consideration a communication signed by Mayor Harold Washington, under date of July 29, 1986, regarding the appointment of Mary Ellen Montes, as a member of the Board of Trustees of Community College District No. 508, for a term ending June 30, 1987, begs leave to recommend that Your Honorable Body *Pass* the said ordinance, which is transmitted herewith. Ms. Montes succeeds Dr. John W. Taylor.

This recommendation was concurred in by a unanimous vote.

Respectfully submitted.
(Signed) ANNA R. LANGFORD,
Chairman.

On motion of Alderman Langford, the committee's recommendation was *Concurred In* and said appointment of Mary Ellen Montes as a member of the Board of Trustees of Community College District Number 508 was *Approved* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

APPOINTMENT OF MR. ROBERT M. WEISSBOURD AS MEMBER OF
BOARD OF TRUSTEES OF COMMUNITY COLLEGE
DISTRICT NUMBER 508.

The Committee on Education submitted the following report:

CHICAGO, November 21, 1986.

To the President and Members of the City Council:

Your Committee on Education, having under consideration a communication signed by Mayor Harold Washington, under the date of November 13, 1986, regarding the appointment of Robert M. Weissbourd as a member of the Board of Trustees of Community College District No. 508 for a term ending June 30, 1988, begs leave to recommend that Your Honorable Body *Pass* the said ordinance, which is transmitted herewith. Mr. Weissbourd replaces Mr. Eugene Moats.

This recommendation was concurred in by a unanimous vote.

Respectfully submitted,
(Signed) ANNA R. LANGFORD,
Chairman.

On motion of Alderman Langford, the committee's recommendation was *Concurred In* and said appointment of Robert M. Weissbourd as a member of the Board of Trustees of Community College District Number 508 was *Approved* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

COMMITTEE ON LOCAL TRANSPORTATION.

AUTHORITY GRANTED FOR CONSTRUCTION AND MAINTENANCE OF BUS PASSENGER SHELTERS AT SPECIFIED LOCATIONS.

The Committee on Local Transportation submitted two proposed orders (under separate committee reports) recommending that the City Council pass said proposed orders transmitted therewith.

On motion of Alderman Natarus, each of the said proposed orders was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following are said orders as passed:

Ordered, That the Committee on Local Transportation is hereby authorized and directed to memorialize the Chicago Transit Authority to give consideration to the installation of a passenger bus shelter on the southwest corner of West Belmont Avenue and North Olcott Avenue.

Ordered, That the Committee on Local Transportation is hereby authorized and directed to memorialize the Chicago Transit Authority to give consideration to the erection of a bus passenger shelter on the northwest corner of North Harlem Avenue and West Peterson Avenue.

AUTHORITY GRANTED FOR ESTABLISHMENT OF
TAXICAB STAND 568 ON NORTH SIDE
OF EAST BENTON PLACE.

The Committee on Local Transportation submitted the following report:

CHICAGO, November 21, 1986.

To the President and Members of the City Council:

Your Committee on Local Transportation having had under consideration a proposed ordinance (which was referred on October 27, 1986) for the establishment of Taxicab Stand No. 568 on the north side of East Benton Place, from a point 20 feet east of the property line of North State Street and extending to a point 161 feet east thereof, for 8 vehicles, begs leave to recommend that Your Honorable Body *Pass* the said proposed ordinance, which is transmitted herewith.

This recommendation was concurred in unanimously by voice vote of all committee members present.

Respectfully submitted,
(Signed) BURTON F. NATARUS,
Chairman.

On motion of Alderman Natarus, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Pursuant to Section 27-412 of the Municipal Code of Chicago there is hereby established a taxicab stand, to be known by the designated number, for the number of vehicles stated at the following location;

Stand No. 568

On the north side of East Benton Place, from a point 20 feet east of the property line of North State Street and extending to a point 161 feet east thereof 8 vehicles.

SECTION 2. It shall be unlawful for the operator of any vehicle other than a taxicab to stand or park such vehicle in the space occupied by said taxicab stand, except that the operator of any passenger vehicle may stop temporarily in such space for the purpose of and while actually engaged in the loading and unloading of passengers, as provided by Section 27-326 of the Municipal Code of Chicago.

SECTION 3. Any person violating the provisions of this ordinance shall be subject to the penalty provided for in Section 27-373 of the Municipal Code of Chicago, which provides that "every person convicted of a violation of any of the provisions of this chapter for which no penalty is specifically provided shall be punished by a fine of not more than two hundred dollars for each offense".

SECTION 4. This ordinance shall be in full force and effect from and after its passage.

COMMITTEE ON SPECIAL EVENTS AND CULTURAL AFFAIRS.

MAYOR'S OFFICE OF SPECIAL EVENTS REVISED 1987
BUDGET APPROVED.

The Committee on Special Events and Cultural Affairs submitted a report recommending that the City Council pass the proposed 1987 Revised Budget for the Mayor's Office of Special Events.

On motion of Alderman Orr, the said proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said 1987 Revised Budget as passed:

DESCRIPTION	REVISED 1987	1986	REV '87 VS 1986
Personnel	\$912,952	\$794,900	\$118,052
Overhead	305,100	141,100	164,000
Subtotal	1,218,052	936,000	282,052
Chgo Tourism Coun.	500,000	-0-	500,000
Chgo Conv. Bureau	1,000,000	1,000,000	-0-
Fine Arts Grant	350,000	350,000	-0-
Special Evt. Tourism	30,000	100,000	(70,000)
Protocol	100,000	120,000	(20,000)
150th B-Day	75,000	50,000	25,000
Neighborhood. Fest.	350,000	450,000	(100,000)
Blues Festival	175,000	200,000	(25,000)
Jazz Festival	225,000	200,000	25,000
Gospel Festival	100,000	-0-*	100,000
Venetian Night	-0-	25,000	(25,000)
Intern. Folk Fair	100,000	150,000	(50,000)
Insurance	77,348	70,000	7,348
Parades & Spec. Prog.	-0-	100,000	(100,000)
Misc. Special Events	-0-	100,000	(100,000)
Christmas Celebr.	20,000	-0-*	20,000
Professional Ser.	25,000	75,000	(50,000)
Undesignated	-0-	40,000	(40,000)
July 3rd	-0-	70,000	(70,000)
Subtotal	3,127,348	3,100,000	27,348
Finance General	179,600	274,000	(94,400)

DESCRIPTION	REVISED		REV '87
	1987	1986	VS 1986
Total Budget	<u>\$4,525,000</u>	<u>\$4,310,000</u>	<u>\$215,000</u>

*Funded out of miscellaneous categories and Taste of Chicago proceeds.

COMMITTEE ON STREETS AND ALLEYS.

AUTHORITY GRANTED TO A.T.&T. COMMUNICATIONS TO INSTALL AND OPERATE ITS TELECOMMUNICATIONS SYSTEM IN CITY OF CHICAGO.

The Committee on Streets and Alleys submitted a report recommending that the City Council pass the following proposed substitute ordinance.

Authorizing A.T.&T. Communications of Illinois, Inc. to construct, maintain and operate its telecommunications systems in the City of Chicago.

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Permission and authority are hereby granted to A.T.&T. Communications of Illinois, Inc. (hereinafter "A.T.&T. Communications," or the grantee) upon the terms and subject to the conditions of this ordinance, to construct, install, renew, repair, maintain and operate conduits and telecommunications wire and cable under the streets, alleys, viaducts, tunnels, railroad right of ways, elevated roadways, subways, elevated railways, and other public ways of the City, and under the Chicago River and its several branches, or other rivers, and under any fixed bridge thereover, in which grantee shall install its facilities, fixtures and equipment to be used for its telecommunications systems in the City. Authority for this privilege shall remain in effect until December 31, 1989, and shall be automatically extended thereafter pursuant to this ordinance subject to the unlimited right of either the grantee or the City of Chicago (or both) to terminate the agreement embodying this ordinance, effective on any date after December 31, 1989, upon six (6) months written notice of such termination delivered to the chief executive officer(s) of grantee or of the City of Chicago respectively. Grantee shall not transfer or sublease any space that its facilities occupy or have occupied pursuant to this ordinance.

SECTION 2. The location of said facilities, and the construction and installation thereof, or any change thereof including extension, reduction or removal of the telecommunications systems shall be subject to the approval of the Commissioner of Public Works.

A.T.&T. Communications shall place on file with the Commissioner of Public Works and with the City Comptroller prints, plans and maps showing the proposed location of each telecommunications facility to be laid or installed, the location of each conduit to be

entered, and the number of manholes or other openings to gain access to said conduit; and no telecommunications facility shall be laid or installed in or under any conduit, vault, tunnel, street, alley viaduct, subway, elevated roadway, elevated railway, bridge, railroad right of way, river or other public way, until a permit therefor is issued by the Commissioner of Public Works, which permit shall indicate the time, manner and place of laying or installing each such telecommunications facility.

If the location of conduits, telecommunications facilities, other fixtures or the installation or laying of the same does not interfere unreasonably with use of the vaults, tunnels, conduits, streets, alleys, viaducts, subways, elevated roadways, elevated railways, railroad right of ways, bridges, rivers or other public ways of the City and otherwise complies with this ordinance, the Commissioner of Public Works shall approve the same and issue a permit or permits therefore, unless such location is otherwise expressly prohibited in this ordinance or any other lawfully enacted ordinance of the City of Chicago.

The City reserves the right to make physical on-site inspections of the telecommunications systems at the City's discretion. A.T.&T. Communications shall correct or substantially correct any default or non-conformance with the City's written, publicly available installation standards within 30 days of receipt of written notification ("the 30 day correction period") from the Commissioner of Public Works. If the Commissioner of Public Works determines that grantee has not corrected or substantially corrected the default or non-conformance, the grantee shall pay the City liquidated damages of six thousand dollars (\$6,000) per day each day the default continues to go uncorrected beyond the 30 day correction period. If after the lapse of the 30 day correction period, the Commissioner of Public Works determines that the grantee has substantially but not completely corrected the default or non-conformance, grantee must submit a time table within 5 days of the lapse of the 30 day correction period to the City specifying the anticipated date of completion. In an emergency, as determined by the Department of Public Works, the Commissioner shall have the right to order immediate correction of any default or non-conformance. If grantee has not substantially corrected the emergency within 5 days of the Commissioner's order, A.T.&T. Communications shall be in default and shall pay the City liquidated damages of \$6,000 per day each day after five day period that A.T.&T. Communications fails to correct substantially the emergency.

SECTION 3. The grantee agrees to pay, as compensation for the use of the public ways of the City of Chicago during calendar year 1984 the sum of five million four hundred thousand dollars (\$5,400,000) and as compensation for the use of the public ways of the City of Chicago during calendar year 1985 the sum of five million four hundred thousand dollars (\$5,400,000). Said compensation for the years 1984 and 1985 shall be paid to the Comptroller of the City of Chicago no later than 10 days following the effective date of this ordinance or the grantee will be liable to pay interest and penalties, as specified in Section 4 of this ordinance.

The grantee agrees to pay, as compensation for the use of the public ways of the City of Chicago during calendar year 1986 and during such subsequent periods as this agreement shall be effective, the greater of the sum of five million four hundred thousand dollars (\$5,400,000) or the sum of two percent (2%) of its gross Chicago toll service revenues, net of carrier access charges. "Gross Chicago toll service revenues," as used herein, means all the sums of money and other valuable consideration which grantee receives or becomes

lawfully entitled to receive from the provision of telecommunications services, sent paid and sent collect messages, originating from the City of Chicago. "Carrier access charges," as herein used, means those charges which grantee pays to the Illinois Bell Telephone Company and Central Telephone Company for access to the local telephone exchange network. No other expenses shall be deducted from gross toll service revenues.

The percentage of gross toll service revenues allocable to Chicago shall be computed from the following formula:

Interstate

A. Total Booked Toll Service Revenues

B. Times: Illinois Bell Telephone Percentage of Grantee's Total Illinois Revenue.

C. Subtotal

D. Minus: Access Charge Expense (as referenced in Part 69, Section 69.4 (b) (c) of Title 47 of the Code of Federal Regulations)

E. Equals: Net Interstate Revenues

F. Times: Percentage of Interstate Toll Revenues Generated in the City of Chicago to the total Toll Revenue generated in Illinois (1)

G. Plus Centel Revenues for Interstate Net of Access Charges.

H. Equals: Total Interstate Revenues Base Allocated to the City of Chicago

Intrastate

A. Total Booked Toll Service Revenues

B. Times: Illinois Bell Telephone Percentage of Grantee's Total Illinois Revenue.

C. Subtotal

D. Minus: Access Charge Expense (as referenced in Part 69, Section 69.4 (b) (c) of Title 47 of the Code of Federal Regulations)

E. Equals: Net Intrastate Revenues

F. Times: Percentage of Intrastate Toll Revenues Generated in the City of Chicago to the total Toll Revenue generated in Illinois (1)

G. Plus Centel Revenues for Intrastate Net of Access Charges.

H. Equals: Total Intrastate Revenues Base Allocated to the City of Chicago

Total Interstate Revenues Base Allocated to the City of Chicago

Total Intrastate Revenues Base Allocated to the City of Chicago

Subtotal

Times: Ordinance Rate of 2%

Equals: Total Fee Payable to the City of Chicago

Footnote (1): Percentage to be calculated annually using standard A.T.&T. Communications of Illinois, Inc.'s toll study data as reflected in A.T.&T. Communications of Illinois Inc.'s Centralized Messages Data System.

The compensation shall be computed at the end of each month during the term of the privilege granted herein and the greater of 2% of Gross Chicago Toll Service Revenues or \$450,000.00 dollars, or one-twelfth (1/12) of \$5.4 million dollars, shall be paid by the 15th day of the second month following. At the end of each calendar year, grantee shall recalculate the compensation due the City for the year based on the formulas and definitions described herein. If additional amounts are owed the City by grantee, said amounts shall be paid by February 15 of the following year. If grantee has overpaid the City, the excess shall be taken as a credit against future compensation due the City.

Annually, and no later than April 1, 1987 and April 1 of every year thereafter during which this ordinance remains in force, grantee shall supply to the Comptroller of the City of Chicago a certificate from an independent certified public accountant attesting to an audit showing that the amounts of compensation paid under this section for the prior year were in compliance with the provisions of this section.

SECTION 4. In the event that the independent audit provided for in Section 3 determines that grantee made underpayment in any month and that the underpayment exceeded 5% of the amount due in said month, or in the event that grantee fails to make any payment on the date due, grantee shall pay interest compounded daily at the rate of 150% of the prime rate as recorded daily by the First National Bank of Chicago. Interest shall be due on the entire monthly underpayment or on the entire late payment from the date on which payment was due until the date on which full payment is received.

SECTION 5. This ordinance shall remain in effect, except as otherwise specified herein, until December 31, 1989, and shall be automatically extended thereafter pursuant to this ordinance subject to the unlimited right of either the grantee or the City of Chicago (or both) to terminate the agreement embodying this ordinance effective on any date after December 31, 1989, upon six (6) months written notice of such termination delivered to the chief executive officer(s) of grantee or of the City of Chicago respectively.

Upon termination of the privilege herein granted, the grantee, without cost or expense to the City of Chicago, shall remove the structures and appliances herein authorized and restore the public way where disturbed by removal of said structures or appliances to a proper condition under the supervision and to the satisfaction of the Commissioner of Public Works and in accordance with the City Municipal Code. Grantee shall restore the

public way where disturbed by any installation activity by grantee without cost or expense to the City. In the event of the failure, neglect or refusal of said grantee to do so, the City of Chicago will have the right to determine the cost of said work and bill the grantee for such cost, and the City shall have the right, but not the obligation, to perform the work.

SECTION 6. The permission and authority herein granted are not intended to limit or modify any franchise, license or permit previously granted by the City of Chicago to any other occupant of the public way. Therefore, the grantee hereunder, recognizing the prior rights of other franchisees, licensees and permittees in the public way, shall exercise the authority herein granted in such a manner as not unreasonably to interfere with the prior or future rights of other franchisees, licensees and permittees in the public way and so as not to endanger or impair the facilities of any other such franchisee, licensee or permittee. Prior franchisees, licensees or permittees shall also, in like manner, respect the rights and not interfere with the rights of the grantee herein. Grantee shall not, pursuant to this ordinance, utilize the Chicago Freight Tunnel System. Grantee shall abide by all current federal, state and municipal regulatory standards applicable, including but not limited to Occupational Safety and Health Administration industrial standards, in any installation or construction activity.

SECTION 7. The grantee shall, at its own expense, hold and save the City of Chicago harmless from any and all liability and expense, and provide self-insurance to the sum of two million five hundred thousand dollars (\$2,500,000.00), and obtain and maintain in force excess insurance coverage to the sum of five million dollars (\$5,000,000.00), said liability and expense to include judgments, costs and damage for or associated with removal, relocation, alteration, repair, maintenance and restoration of the structures or appliances herein authorized, and for any and all damages hereto and on account of the location, construction, alteration, repair or maintenance of any public ways, including bridges, subways, tunnels, vaults, sewers, water mains, conduits, pipes, poles and other public utilities.

The grantee shall, at its own expense also indemnify and hold harmless the City of Chicago and its officers, agents and employees, from liability, whether for personal injury, property damage or loss or interruption of utility service occurring out of the reconstruction, installation, maintenance and other operations of the grantee and arising out of torts including the passive negligence of the City of Chicago, providing self-insurance to the sum of two million five hundred thousand dollars (\$2,500,000.00) and obtaining and maintaining in force excess insurance coverage to the sum of five million dollars (\$5,000,000.00).

It shall be the responsibility of the grantee to furnish the City of Chicago, Office of the City Comptroller, Department of Finance, Real Estate Division, prior to issuance of a permit for this privilege to use the City's public ways, a copy of proof of excess insurance (certificate of insurance) in an amount not less than five million dollars (\$5,000,000.00) combined single limit with said insurance covering all liability in excess of two million five hundred thousand dollars (\$2,500,000.00), both public liability and property damage, that may result from the granting of said privilege. The grantee must furnish the City of Chicago certificates of insurance which name the City of Chicago as additional insured and also clearly indicate that the privilege being granted by this ordinance is covered by the

excess insurance policy. Likewise, certificates evidencing renewal of insurance must be furnished to the Office of the City Comptroller, Department of Finance, Real Estate Division, no later than 30 days prior to expiration of policy. The aforementioned excess insurance coverage shall be maintained at all times by the grantee until the structures or appliances described in this ordinance are removed and the public way is restored as herein required.

SECTION 8. The Illinois General Assembly may authorize Illinois Municipalities, and particularly the City of Chicago, to levy an additional customer tax on interstate and/or intrastate telecommunications services. In the event that such authority is granted by the Illinois General Assembly and implemented by the City of Chicago the payment obligations of the grantee shall be reduced by the amount paid by the grantee's customers pursuant to such customer tax; provided, however, that the compensation payable under Section 3, or under Section 9 if applicable, by the grantee of this ordinance shall not be reduced below \$200,000 (Two Hundred Thousand Dollars) per year.

SECTION 9. In the event that another facilities-based interexchange telecommunications common carrier is granted the right to use the public ways of the City of Chicago on compensation terms under which the formula or methodology (including, but not limited to, any formula or methodology that computes compensation due to the City of Chicago based on a different minimum fee, a different percentage of gross billings, or a different meaning of gross billings than provided for in Section 3 herein) employed to calculate the charge, franchise fee or other fee for use of the public ways payable by such other interexchange telecommunications carrier would, if applied to grantee, result in a lower fee than that herein agreed to be paid by grantee to the City of Chicago under Section 3, grantee shall be entitled to pay only that lower amount which would be due and payable if such formula were applied to calculate the charge or fee for use of the public ways payable by grantee in lieu of the method of calculation agreed to and set forth herein in Section 3, and the City of Chicago Department of Law shall notify grantee of the introduction of any ordinance embodying any agreement reached by and between the City of Chicago and any other interexchange telecommunications carrier and the terms of such agreement within five (5) days of the introduction of any such ordinance.

SECTION 10. The permission and authority herein granted shall not be exercised until a permit authorizing use of the City of Chicago's public way pursuant to the length of term specified in Section 1 has been issued to the grantee by the Office of the City Comptroller, Department of Finance, and thereafter only upon the faithful observance and performance of all the conditions and provisions of this ordinance, and until the payments as referenced in Section 3 herein and proof of the excess insurance, as referenced in Sections 6 and 7 herein, are submitted to the City.

SECTION 11. Prior to issuance of the permit provided in Section 10, the grantee shall file a written acceptance of this ordinance with the City Clerk, and proof of indemnification on behalf of the City of Chicago as herein required.

SECTION 12. This ordinance shall take effect and be in force from and after its passage.

On motion of the Alderman Cullerton, the foregoing proposed substitute ordinance was *Passed by yeas and nays as follows:*

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

COMMITTEE ON ZONING.

CHICAGO ZONING ORDINANCE AMENDED TO RECLASSIFY AREA SHOWN ON MAP NUMBER 13-P.

The Committee on Zoning submitted the following report:

CHICAGO, November 24, 1986.

To the President and Members of the City Council:

Your Committee on Zoning begs leave to recommend that Your Honorable Body *Pass* a proposed ordinance transmitted herewith (referred to your committee on August 28, 1986) to amend the Chicago Zoning Ordinance for the purpose of reclassifying a particular area.

This recommendation was concurred in by 7 members of the committee, with no dissenting vote.

Respectfully submitted,
(Signed) TERRY M. GABINSKI,
Chairman.

On motion of Alderman Langford, the committee's recommendation was *Concurred In* and the said proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed (the italic heading not being a part of the ordinance):

Reclassification of Area Shown on Map No. 13-P.

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. That the Chicago Zoning Ordinance be amended by changing all the Business Planned Development Number 347 District symbols and indications as shown on Map No. 13-P in the area bounded by

West Bryn Mawr Avenue; North Delphia Avenue; West Catalpa Avenue; and North Oakview Avenue,

to the designation of a Business Planned Development District which is hereby established in the area above described, subject to such use and bulk regulations as are set forth in the Plan of Development herewith attached and made a part thereof and to no others.

Plan of Development attached to this ordinance reads as follows:

BUSINESS PLANNED DEVELOPMENT

PLAN OF DEVELOPMENT

STATEMENTS

1. The area delineated hereon as a "Business Planned Development" is owned or controlled by Chicago Title and Trust Company A.T.U.T.1075695, dated August 17, 1979.
2. Off-street parking and loading facilities will be provided in compliance with this Plan of Development as authorized by this Plan of Development, subject to the review of the Department of Streets and Sanitation and the approval of the Department of Planning.
3. No dedication of streets or alleys or consolidation or resubdivision of parcels shall be required, however, the designation of the East side of North Oakview Avenue and West side of North Delphia Avenue between West Catalpa Avenue and West Bryn Mawr and both sides of West Gregory Street between North Delphia Avenue and North Oakview Avenue for perpendicular parking will be sought.
4. All applicable official reviews, approvals or permits are required to be obtained by Chicago Title and Trust Company A.T.U.T. 1075695, dated August 17, 1979, or its successors, assignees or grantees.
5. Service drives or any other ingress or egress shall be adequately designed and paved in accord with the regulations of the Department of Streets and Sanitation

and in compliance with the Municipal Code of Chicago to provide ingress and egress for motor vehicles, including emergency vehicles. There shall be no parking permitted within such paved areas.

Fire lanes shall be adequately designed and paved in compliance with the Municipal Code of Chicago to provide ingress and egress for emergency vehicles: there shall be no parking within such paved areas.

6. Use of land will consist of office units, and off-street parking, as authorized by this Plan of Development.
7. The following information sets forth data concerning the property included in said development and data concerning a generalized land use plan (Site Plan), illustrating the development of said property in accordance with the intent and purpose of the Chicago Zoning Ordinance.
8. Identification signs will be permitted with the approval of the Commissioner of Planning.
9. The Plan of Development hereby attached shall be subject to the "Rules, Regulations and Procedures in Relation to Planned Development", as adopted by the Commissioner of Planning.

APPLICANT: R. Donald Johnson

DATE: August 18, 1986

Business Planned Development

Planned Development Use And Bulk Regulations & Data

Net Site Area	General Description of Land Use	Maximum F.A.R.	Maximum % of Land Covered
205,000 sq. ft.	Business Offices and related use 321 autos on-site parking spaces	.54	54%

Maximum Permitted F.A.R. For Total Net Site Area = .54

Minimum Number Of Parking Spaces Required = 321

Minimum Number Of Off-Street Loading Spaces Required = 0

Minimum Periphery Setbacks --

North Property Line = 4'
South Property Line = 4'
West Property Line = 0'
East Property Line = 0'

Maximum Percentage of Land Covered = 54%

APPLICANT: R. Donald Johnson

DATE: August 18, 1986

[Business Planned Development Zoning Maps printed
on pages 37121 through 37123
of this Journal.]

SECTION 2. This ordinance shall be in force and effect from and after its passage and due publication.

**JOINT COMMITTEE.
COMMITTEE ON THE BUDGET.
COMMITTEE ON SPECIAL EVENTS AND
CULTURAL AFFAIRS.**

**SUPPLEMENTAL APPROPRIATION TO MAYOR'S OFFICE ON SPECIAL
EVENTS AND CULTURAL AFFAIRS AUTHORIZED
FOR YEAR 1986.**

The joint committee composed of the members of the Committee on the Budget and the Committee on Special Events and Cultural Affairs submitted a report recommending that the City Council pass a proposed ordinance transmitted therewith, authorizing a supplemental appropriation to the Mayor's Office of Special Events and Cultural Affairs for the year of 1986.

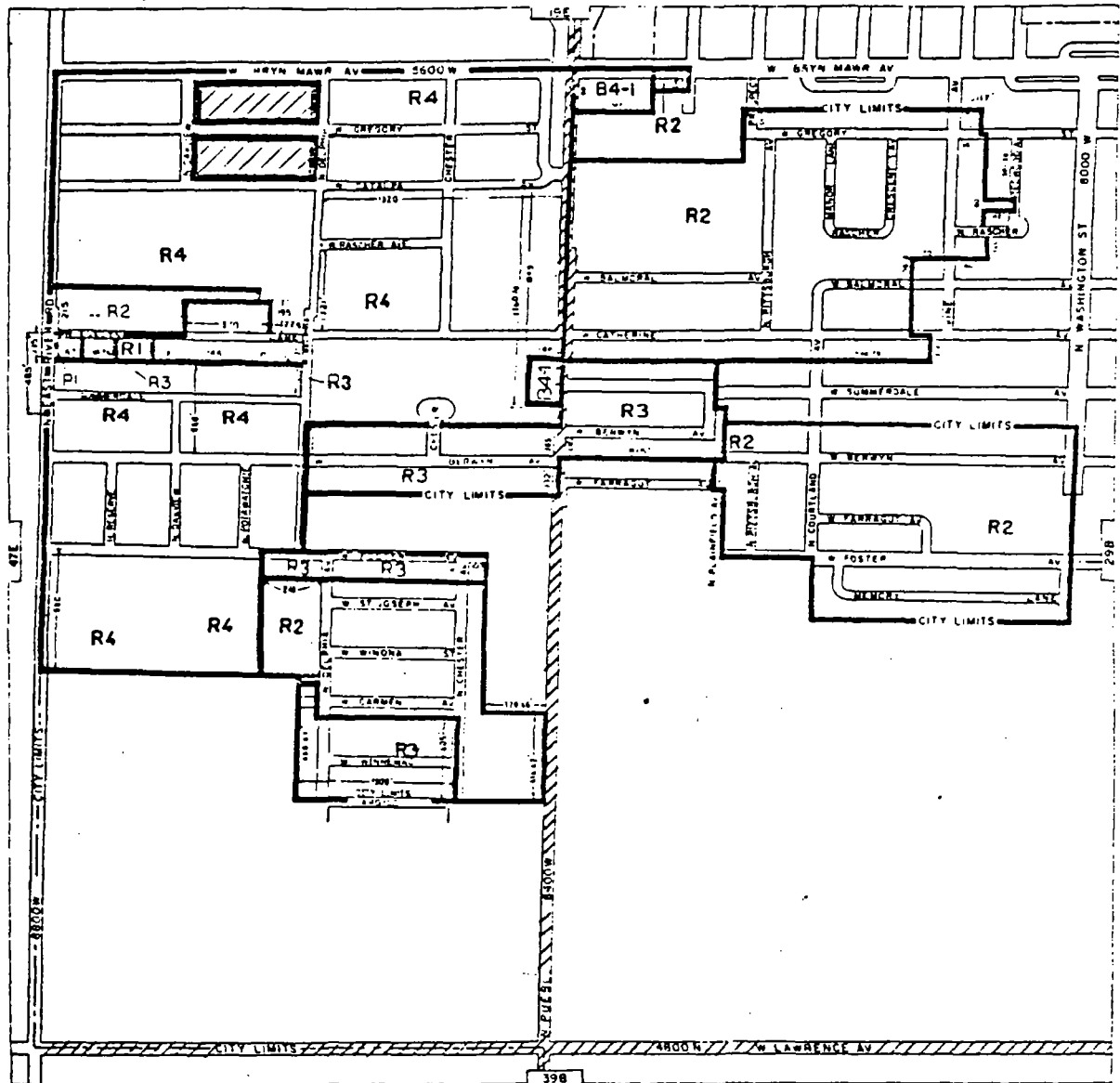
On motion of Alderman Evans, the said proposed ordinance was *Passed* by yeas and nays as follows:

(Continued on page 37124)

CHICAGO ZONING ORDINANCE

SEC. 11 T. 40N. R. 12E

MAP 13-P



Existing zoning and preferential streets map



Zoning Districts

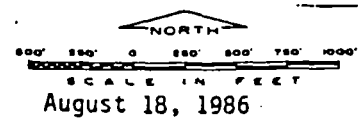


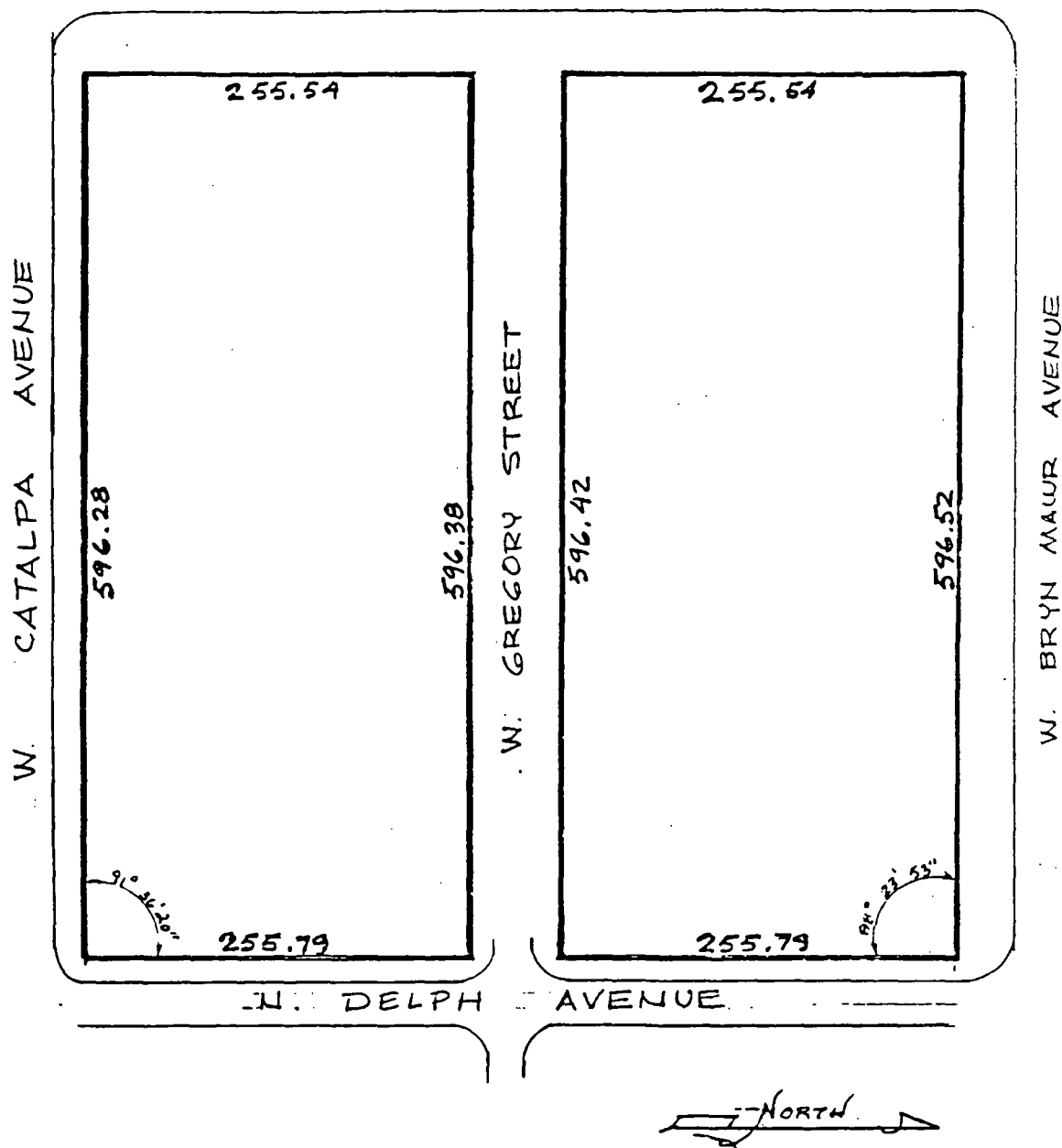
Preferential Streets



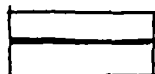
Planned Development

APPLICANT: R. Donald Johnson





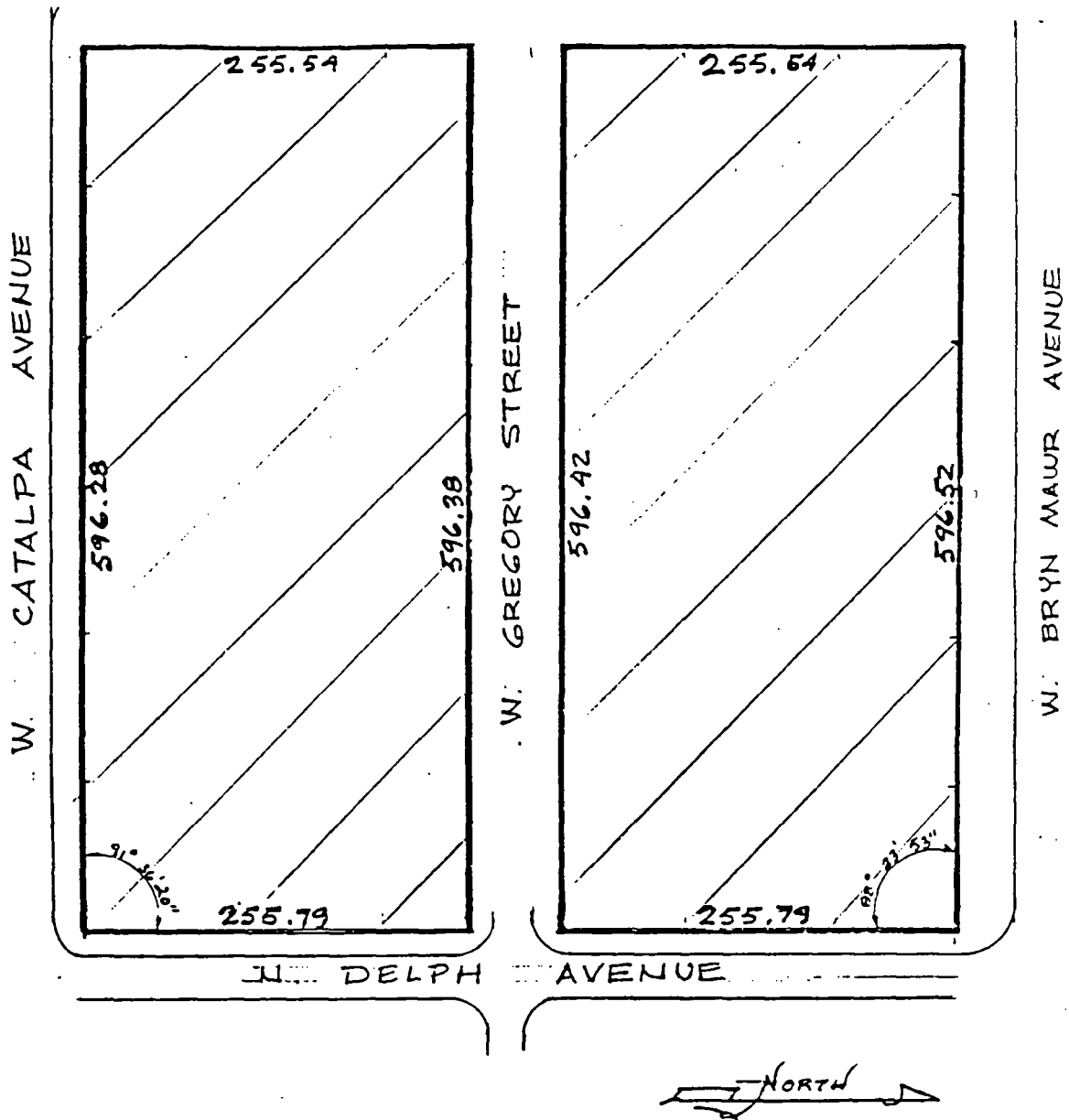
PROPERTY LINE AND RIGHT OF WAY ADJUSTMENTS MAP



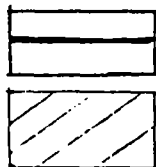
PROPERTY LINE AND PLANNED
DEVELOPMENT BOUNDARY

APPLICANT: R. Donald Johnson

August 18, 1986



BUSINESS PLANNED DEVELOPMENT GENERALIZED LAND USE MAP

PROPERTY LINE AND PLANNED
DEVELOPMENT BOUNDARYBUSINESS AND OFF-STREET
PARKING

APPLICANT: R. Donald Johnson

August 18, 1986

(Continued from page 37120)

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler. Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, The City of Chicago is a home rule unit of government and as such may exercise any power and perform any function pertaining to its government and affairs: now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The following amounts not previously appropriated have become available to the City of Chicago in the following funds, for the reasons described below:

Fund 100 - Corporate

From reimbursement of expenses of municipal services provided in connection with an event designated "Taste of Chicago" in 1985	\$365,000
From reimbursement of expenses of municipal services provided in connection with an event designated "Taste of Chicago" in 1986	\$365,000
Excess revenues of an event designated "Taste of Chicago" in 1986	\$600,000
Total to Fund 100 - Corporate	\$1,330,000

Fund 355 - Municipal Hotel Operators's Tax

Fund balance for the year ending December 31, 1985	\$149,190

SECTION 2. The following amounts not previously appropriated are hereby appropriated from the Corporate Fund and the Municipal Hotel Operators' Tax Fund for the fiscal year beginning January 1, 1986 and ending December 31, 1986, said amounts

being in addition to the appropriations made by the Annual Appropriation Ordinance for 1986 and amendments thereto:

Supplemental Appropriation for 1986.

100 - Corporate Fund

Code	Amount Appropriated
	\$
1340 .149 For professional and technical services	308,000
.152 For advertising	3,624
.157 For equipment rental	12,000
.100 For contractual services	323,624
.802 For expenses in connection with special events and tourism	35,000
.804 For expenses in connection with meetings and dignitaries	50,000
.806 For expenses in connection with neighborhood festivals	50,000
.808 For expenses in connection with the Jazz Festival	101,369
.811 For expenses in connection with the International Folk Fair	155,000
.812 For expenses in connection with parades and special programs	570,000
.814 For expenses in connection with professional services	10,000
.800 For specific purposes - general	1,006,376
Total Supplemental Appropriation	\$1,330,000

355 - Municipal Hotel Operators' Tax Fund

Code	Amount Appropriated	
		\$
1340 .130 For postage		10,000
.186 For telephone		2,000
.100 For contractual services		12,000
.350 For office supplies		10,000
.300 For commodities		10,000
.422 For office machines		16,000
.400 For equipment		16,000
.801 Chicago Convention and Visitor's Bureau, Inc.		2,259
.807 For expenses in connection with the Blues Festival		4,000
.808 For expenses in connection with the Jazz Festival		58,631
.810 For expenses in connection with Venetian Night		46,300
800. For specific purposes - general		111,190
Total Supplemental Appropriation		\$149,110

SECTION 3. For the purpose of expenditure and accounting control appropriation herein is made in accordance with the standard classification of accounts as provided in Section 7-13 of the Municipal Code.

SECTION 4. The Comptroller and heads of all departments and other agencies of the City government shall administer the amount appropriated in this ordinance by standard accounts as specified by code numbers and letters, designations of which may be amended or altered by the Comptroller to suit the need of proper classification in accordance with the standard classification of accounts and with the official manual of the City of Chicago issued by the Department of Finance in which are specified the details of commodities, services, benefits and claims chargeable to the respective standard accounts.

SECTION 5. This ordinance shall be in full force and affect ten days after its passage and publication.

TRANSFER OF FUNDS AUTHORIZED IN COMMITTEE ON
BEAUTIFICATION AND RECREATION.

The joint committee composed of the members of the Committee on the Budget and the Committee on Special Events and Cultural Affairs submitted a report recommending that the City Council pass the following proposed ordinance transmitted therewith:

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. That the City Comptroller and the City Treasurer are authorized and directed to make the following transfer of funds for the year 1986. This matter will leave sufficient unencumbered appropriations to meet all liabilities that have been or may be incurred during the year 1986 payable from such appropriations.

FROM:

Account	Number	Amount
Contractual Services	100-1224-100	\$1,200

TO:

Account	Number	Amount
Personnel	100-1224-000	\$1,200

SECTION 2. That the sole purpose of this transfer of funds is to provide funds for the payment of personnel services.

SECTION 3. This ordinance shall be in full force and effect from and after its passage.

On motion of Alderman Evans, the foregoing proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

MATTERS PRESENTED BY THE ALDERMEN**(Presented By Wards, In Order, Beginning With The First Ward).**

Arranged under the following subheadings:

1. Traffic Regulations, Traffic Signs and Traffic-Control Devices.
2. Zoning Ordinance Amendments.
3. Claims.
4. Unclassified Matters (arranged in order according to Ward numbers).
5. Free Permits, License Fee Exemptions, Cancellation of Warrants for Collection and Water Rate Exemptions, Etc.

**1. TRAFFIC REGULATIONS, TRAFFIC SIGNS
AND TRAFFIC-CONTROL DEVICES.**

**Referred-- ESTABLISHMENT OF LOADING ZONES AT
SUNDRY LOCATIONS.**

The aldermen named below presented proposed ordinances to establish loading zones at the locations designated, from the distances and time specified, which were *Referred to the Committee on Traffic Control and Safety*, as follows:

Alderman	Location, Distance and Time
HUELS (11th Ward)	South Emerald Avenue (west side) from West 26th Street to a point 125 feet south thereof; South Farrell Street (east side) from 2819 South Archer Avenue to the first alley south -- 8:00 A.M. to 12 Noon -- Monday through Friday;
BURKE (14th Ward)	South Western Avenue (west side) at 6238 -- 8:00 A.M. to 6:00 P.M. -- Monday through Saturday;
MELL (33rd Ward)	North Fairfield Avenue at 2406 -- 8:00 A.M. to 5:00 P.M. -- Monday through Friday;

Alderman

Location, Distance and Time

West Fullerton Avenue (south side) at 2561 -- 10:00 A.M. to 6:30 P.M. -- Monday through Sunday;

North Milwaukee Avenue at 2413 -- 8:00 A.M. to 8:00 P.M. -- Monday through Saturday;

CULLERTON for *LAURINO* (39th Ward)

West Devon Avenue at 3401 (at either side of driveway) -- at all times;

NATARUS (42nd Ward)

East Ontario Street (alongside of 626 North Michigan Avenue) -- at all times.

Referred -- EXTENSION OF LOADING ZONE ON WEST
WILSON AVENUE.

Alderman Orbach (46th Ward) presented a proposed order to extend the loading zone in front of 909 West Wilson Avenue by 25 feet, which was *Referred to the Committee on Traffic Control and Safety*.

Referred -- ONE-WAY TRAFFIC RESTRICTION ON
SPECIFIED PUBLIC WAYS.

The aldermen named below presented proposed ordinances to restrict the movement of vehicular traffic to the direction indicated in each case, on specified public ways, which were *Referred to the Committee on Traffic Control and Safety*, as follows:

Alderman

Public Way

MAJERCZYK (12th Ward)

South Keating Avenue at 4300 -- southerly;

West 39th Place from South Sacramento Avenue to South Kedzie Avenue -- westerly;

MELL (33rd Ward)

North Sacramento Avenue from West Addison Street to West Irving Park Road -- northerly.

*Referred -- DISCONTINUANCE OF ONE-WAY TRAFFIC RESTRICTION
ON PORTION OF SPECIFIED STREETS.*

Alderman Kotlarz (35th Ward) presented two proposed ordinances to discontinue the restriction on the movement of vehicular traffic, allowing the flow of traffic to proceed in both directions, on portion of specified avenues, which were *Referred to the Committee on Traffic Control and Safety*.

Avenue	Distance
North Kearsarge Avenue	From West George Street to North Tripp Avenue -- northerly;
North Tripp Avenue	From West Wellington Avenue to West Belmont Avenue -- northerly.

*Referred -- REMOVAL OF PARKING METERS ON PORTION
OF SOUTH KEDZIE AVENUE.*

Alderman Majerczyk (12th Ward) presented a proposed order for the removal of parking meters located on South Kedzie Avenue (east side) between South Archer Avenue and West 43rd Street, which was *Referred to the Committee on Traffic Control and Safety*.

*Referred -- REMOVAL OF PARKING METERS LOCATED IN
FRONT OF 718 -- 720 NORTH SHERIDAN ROAD.*

Alderman Orbach (46th Ward) presented a proposed order for the removal of parking meters from in front of 718 -- 720 North Sheridan Road, a residential street, which was *Referred to the Committee on Traffic Control and Safety*.

*Referred -- PROHIBITION OF PARKING AT ALL TIMES
AT SPECIFIED LOCATIONS.*

The aldermen named below presented proposed ordinances to prohibit at all times the parking of vehicles at the locations designated, for the distances specified, which were *Referred to the Committee on Traffic Control and Safety*, as follows:

Alderman	Location and Distance
ROTI (1st Ward)	West Lexington Street (north side) at 1452 (except for handicapped);

Alderman	Location and Distance
<i>TILLMAN</i> (3rd Ward)	South Princeton Avenue at 4941 (except for handicapped);
<i>BEAVERS</i> (7th Ward)	South Saginaw Avenue (west side) at 9350;
<i>HUELS</i> (11th Ward)	South Keeley Street (east side) at 3009 (except for handicapped); South Wood Street (east side) at 3705 (except for handicapped); South Union Avenue (east side) at 3351 (except for handicapped);
<i>MAJERCZYK</i> (12th Ward)	South Kedzie Avenue (west side) at South Archer Avenue to West 44th Street;
<i>MADRZYK</i> (13th Ward)	West 63rd Place at 5735 (except for handicapped);
<i>BURKE</i> (14th Ward)	South Albany Avenue (west side) at 5840 (except for handicapped); South Artesian Avenue (west side) at 5224 (except for handicapped); South Talman Avenue (east side) at 5343 (except for handicapped); South Troy Street (east side) at 5721 (except for handicapped); South Whipple Street (west side) at 5806 (except for handicapped); West 65th Street (north side) at 3240 (except for handicapped); West 66th Place (north side) at 3300 (except for handicapped);
<i>STREETER</i> (17th Ward)	West 72nd Street (north side) at 1424 (except for handicapped);

Alderman	Location and Distance
<i>KRYSTYNIAK</i> (23rd Ward)	South Luna Avenue at 5153 (except for handicapped); West 64th Place at 6854 (except for handicapped);
<i>SOLIZ</i> (25th Ward)	West 24th Place at 2414 (except for handicapped);
<i>W. DAVIS</i> (27th Ward)	West Grenshaw Street (south side) at 2431 (except for handicapped);
<i>HAGOPIAN</i> (30th Ward)	West Belden Avenue (north side) at 5352; West Roscoe Street (north side) from North Cicero Avenue to the first alley east thereof;
<i>MELL</i> (33rd Ward)	North Damen Avenue at 2942 (except for handicapped); North Francisco Avenue at 3151 (except for handicapped); North Kedzie Avenue at 3054 (except for handicapped);
<i>KOTLARZ</i> (35th Ward)	North Central Park Avenue (east side) (except for handicapped);
<i>BANKS</i> (36th Ward)	North Mango Avenue at 2837 (except for handicapped);
<i>CULLERTON</i> (38th Ward)	West School Street at 6042 (except for handicapped);
<i>CULLERTON</i> for <i>LAURINO</i> (39th Ward)	North Pulaski Road (west side) at West Devon Avenue to West Rosemont Avenue;
<i>O'CONNOR</i> (40th Ward)	West Eastwood Avenue at 2524 (except for handicapped); North Maplewood Avenue at 5748 (except for handicapped);

Alderman	Location and Distance
	West Summerdale Avenue at 2743 (except for handicapped);
NATARUS (42nd Ward)	East Delaware Place at 110; West North Avenue (south side) at North Larrabee and North Halsted Streets;
OBERMAN (43rd Ward)	North Sedgwick Street (west side) at 1852 (except for handicapped);
MC LAUGHLIN (45th Ward)	North Laporte Avenue (east side) - Apt. 2B at 4039 (except for handicapped);
STONE (50th Ward)	West North Shore Avenue (south side) at 1623 (except for handicapped).

Referred -- PROHIBITION OF PARKING DURING SPECIFIED
HOURS ON PORTION OF NORTH WESTERN AVENUE.

Alderman Gutierrez (26th Ward) presented a proposed ordinance to prohibit the parking of vehicles on the east side of North Western Avenue at 1323, from 9:00 A.M. to 9:00 P.M. on Monday through Saturday, which was *Referred to the Committee on Traffic Control and Safety*.

Referred -- ESTABLISHMENT OF RESIDENT PERMIT PARKING
ZONES AT SPECIFIED LOCATIONS.

The aldermen named below presented proposed orders to establish resident permit parking zones for vehicles at the locations designated and for the distances specified, which were *Referred to the Committee on Traffic Control and Safety*, as follows:

Alderman	Location and Distance
SAWYER (6th Ward)	South Eberhart Avenue (both sides) between East 75th Street and East 76th Street;
SOLIZ (25th Ward)	West Cullerton Street (both sides) from South Wood Street to South Wolcott Street.

*Referred -- DESIGNATION OF SERVICE DRIVE/DIAGONAL
PARKING ON PORTIONS OF SPECIFIED AVENUES.*

Alderman Krystyniak (23rd Ward) presented four proposed ordinances to designate portions of specified avenues as service drive and to permit diagonal parking, which were *Referred to the Committee on Traffic Control and Safety*, as follows:

Avenue	Distance
South Massasoit Avenue (both sides)	From South Archer Avenue to the first alley north thereof;
South Mayfield Avenue (both sides)	From South Archer Avenue to the first alley north thereof;
South Menard Avenue (both sides)	From South Archer Avenue to the first alley north thereof;
South Mobile Avenue (both sides)	From South Archer Avenue to the first alley north thereof.

*Referred -- ESTABLISHMENT OF TOW-AWAY ZONES
AT SPECIFIED LOCATIONS.*

Alderman Majerczyk (12th Ward) presented two proposed ordinances to establish tow-away zones at the locations designated, for the distances and hours specified, which were *Referred to the Committee on Traffic Control and Safety*, as follows:

Archer Avenue (north side) at South Sacramento Avenue to a point 250 feet west thereof -- at all times;

South Kedzie Avenue (east side) at South Archer Avenue and West 43rd Street -- at all times.

*Referred -- INSTALLATION OF TRAFFIC SIGNS AT
SUNDRY LOCATIONS.*

The aldermen named below presented proposed orders for the installation of traffic signs, of the nature indicated and at the locations specified, which were *Referred to the Committee on Traffic Control and Safety*, as follows:

11/24/86

NEW BUSINESS PRESENTED BY ALDERMEN

37135

Alderman	Location and Type of Sign
<i>BLOOM</i> (5th Ward)	East 74th Street and Paxton Avenue -- "All-Way Stop";
<i>SAWYER</i> (6th Ward)	East 75th Street and South Dobson Avenue -- "2-Way Stop"; East 76th Street and South Dobson Avenue -- "2-Way Stop"; South Dobson Avenue and East 78th Street -- "Stop"; East 78th Street and South Michigan Avenue -- "2 Way Stop";
<i>HUELS</i> for <i>VRDOLYAK</i> (10th Ward)	South Avenue H and East 112th Street -- "2-Way Stop";
<i>MAJERCZYK</i> (12th Ward)	West 37th Street and South Honore Street -- "2-Way Stop";
<i>MADRZYK</i> (13th Ward)	South Lawndale Avenue and West 72nd Street -- "2-Way Stop";
<i>BURKE</i> (14th Ward)	West 60th Street at South Rockwell Street -- "Stop";
<i>KELLEY</i> (20th Ward)	East 71st Street and South Woodlawn Avenue -- "Stop";
<i>GUTIERREZ</i> (26th Ward)	West Haddon Avenue and North Paulina Street -- "4-Way Stop";
<i>HAGOPIAN</i> (30th Ward)	North Keeler Avenue at West Belden Avenue -- "2-Way Stop"; North Kenton Avenue and West Wrightwood Avenue -- "2-Way Stop";
<i>KOTLARZ</i> (35th Ward)	West Barry Avenue and North Tripp Avenue -- "Stop"; North Spaulding Avenue at West Byron Street -- "Stop"; North Springfield Avenue and West Cullom Avenue -- "Stop";

Alderman	Location and Type of Sign
	North Tripp Avenue and West Wellington Avenue -- "2-Way Stop";
CULLERTON (38th Ward)	East Eddy Street at North Linder Avenue -- "Stop"; West Pensacola Avenue at North Menard Avenue -- "Stop";
CULLERTON for LAURINO (39th Ward)	West Balmoral Avenue and North Bernard Avenue -- "Stop"; West Balmoral Avenue and North Christiana Avenue -- "4-Way Stop"; West Catalpa Avenue and North Bernard Avenue -- "4-Way Stop";
PUCINSKI (41st Ward)	North Newcastle Avenue and West Palatine Avenue -- "3-Way Stop"; North Oak Park Avenue and West Palatine Avenue -- "3-Way Stop";
OBERMAN (43rd Ward)	West Kemper Place and North Geneva Terrace -- "Stop";
ORBACH (46th Ward)	North Greenview Avenue and West Berteau Avenue -- "3-Way Stop";
SCHULTER (47th Ward)	West Cullom Avenue and North Hermitage Avenue -- "4-Way Stop".

Referred -- REMOVAL OF PARKING SIGN ON PORTION
OF WEST IRVING PARK ROAD.

Alderman Cullerton (38th Ward) presented a proposed order to cause the removal of one-hour parking signs on the south side of West Irving Park Road between North Major Avenue and North Menard Avenue, which was *Referred to the Committee on Traffic Control and Safety*.

Referred -- WEIGHT LIMITATION ESTABLISHED ON PORTION
OF NORTH PAULINA STREET.

Alderman Gutierrez (26th Ward) presented a proposed ordinance to fix a weight limit of five tons for trucks and commercial vehicles on North Paulina Street from West Division Street to West Cortez Street, which was *Referred to the Committee on Traffic Control and Safety*.

2. ZONING ORDINANCE AMENDMENTS.

None.

3. CLAIMS.

Referred -- CLAIMS AGAINST CITY OF CHICAGO.

The aldermen named below presented fourteen proposed claims against the City of Chicago for the claimants named as noted respectively, which were *Referred to the Committee on Claims and Liabilities*, as follows:

Alderman	Claimant
SAWYER (6th Ward)	Rev. Lawrence Brown;
SHEAHAN (19th Ward)	Helge Johnson;
KRYSTYNIAK (23rd Ward)	Lois Elaine Siegel;
CULLERTON for LAURINO (39th Ward)	Robert Silberburg;
NATARUS (42nd Ward)	999 North Lake Shore Drive Corporation; Eliot House Condominium Association; 201 East Walton Condominium Association; 257 East Delaware Condominium Association;
ORBACH (46th Ward)	Mary Featherstone; Bertha Cousins;

Alderman

Claimant

ORR (47th Ward)

1236 -- 1240 West Farwell Condominium;

1720 -- 1722 Estes Homeowners
Association; (2)

STONE (50th Ward)

High Ridge Condominium.

4. UNCLASSIFIED MATTERS

(Arranged in Order According to Ward Numbers).

Proposed ordinances, orders and resolutions were presented by the aldermen named below, respectively, and were acted upon by the City Council in each case in the manner noted, as follows:

Presented by

ALDERMAN ROTI (1st Ward):

Referred -- GRANT OF PRIVILEGE TO SAMELLA ALEXANDER.

A proposed ordinance granting permission to Samella Alexander to occupy a portion of the public right-of-way to maintain an ice-cream stand adjacent the premises at 735 West Maxwell Street, which was *Referred to the Committee on Streets Alleys*.

Presented by

ALDERMAN RUSH (2nd Ward):

*Referred -- ISSUANCE OF SIGN PERMITS TO JAMES D. AHERN
AND COMPANY FOR ERECTION OF SIGNS/SIGNBOARDS
AT 2720 SOUTH MICHIGAN AVENUE.*

Two proposed orders for the issuance of sign permits to James D. Ahern and Company for the erection of identification signs at 2720 South Michigan Avenue for Rogers Pontiac, which were *Referred to the Committee on Zoning*, as follows:

Sign eleven feet in length, covering 134 square feet;

Sign fifteen feet in length, covering 237 square feet.

Presented by

ALDERMAN TILLMAN (3rd Ward):

Referred -- PAYMENT OF SPECIAL POLICE LICENSE FEE BY
EBENEZER MISSIONARY BAPTIST CHURCH IN
COMPLIANCE WITH CHICAGO
MUNICIPAL CODE.

A proposed ordinance requiring Ebenezer Missionary Baptist Church to pay a ten dollar license fee for each of the special police employed therein pursuant to Chapter 173, Section 173-6 of the Chicago Municipal Code, which was *Referred to the Committee on Finance*.

Presented by

ALDERMAN EVANS (4th Ward):

Referred -- ISSUANCE OF PERMIT FOR OPERATION OF
NEWSSTAND AT CORNER OF SOUTH DREXEL
AVENUE AT EAST 47TH STREET.

A proposed order for the issuance of a newsstand permit to Mr. George Peterson to operate a stand on the northeast corner of South Drexel Avenue and East 47th Street on a daily basis in compliance with the Chicago Municipal Code, which was *Referred to the Committee on Streets and Alleys*.

Presented by

ALDERMAN SAWYER (6th Ward):

Referred -- ISSUANCE OF SIGN PERMIT TO ALL SIGN
CORPORATION FOR ERECTION OF SIGN/SIGNBOARD
AT 9 EAST 79TH STREET.

A proposed order for the issuance of a sign permit to All Sign Corporation for the erection of a sign/signboard at 9 East 79th Street for A and A Associates (local advertisers), which was *Referred to the Committee on Zoning*.

Presented by

ALDERMAN BEAVERS (7th Ward):

BUILDINGS DECLARED PUBLIC NUISANCES AND
ORDERED DEMOLISHED.

A proposed ordinance reading as follows:

WHEREAS, The buildings at the following locations, to wit:

8301 S. Burley Avenue

2548 -- 2560 E. 77th Street,

are so deteriorated and weakened that each is structurally unsafe and a menace to life and property in its vicinity; now, therefore

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The buildings at the following locations to wit:

8301 S. Burley Avenue

2548 -- 2560 E. 77th Street,

are declared public nuisances, and the Commissioner of Inspectional Services is authorized and directed to demolish the same.

SECTION 2. This ordinance shall be effective upon its passage.

Alderman Beavers moved to *Suspend the Rules Temporarily* to permit immediate consideration of and action upon the foregoing proposed ordinance. The motion *Prevailed*.

On motion Alderman Beavers, the foregoing proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

Presented by

ALDERMAN HUTCHINSON (9th Ward):

BUILDINGS DECLARED PUBLIC NUISANCES AND ORDERED
DEMOLISHED.

A proposed ordinance reading as follows:

WHEREAS, The buildings at the following locations, to wit:

358 East 136th Place (garage)

216 East 136th Street (garage)

11945 South Indiana Avenue (garage)

324 East 136th Place,

are so deteriorated and weakened that each is structurally unsafe and a menace to life and property in its vicinity; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The buildings at the following locations, to wit:

358 East 136th Place (garage)

216 East 136th Street (garage)

11945 South Indiana Avenue (garage)

324 East 136th Place,

are declared public nuisances, and the Commissioner of Inspectional Services is authorized and directed to demolish the same.

SECTION 2. This ordinance shall be effective upon its passage.

Alderman Hutchinson moved to *Suspend the Rules Temporarily* to permit immediate consideration of and action upon the foregoing proposed resolution. The motion *Prevailed*.

On motion of Alderman Hutchinson, the foregoing proposed ordinance was *Passed by yeas* and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Sartiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

CONGRATULATIONS AND BEST WISHES EXTENDED TO MRS.
GERTRUDE W. JORDAN ON OCCASION OF HER
RECEIPT OF CHICAGO-TOUGALOO
ALUMNI CLUB'S 1986 AWARD.

A proposed resolution reading as follows:

WHEREAS, Mrs. Gertrude W. Jordan, Regional Administrator/Regional Housing Commissioner of Region V of the United States Department of Housing and Urban Development, has been selected to receive the Chicago-Tougaloo Alumni Club 1986 Community Award; and

WHEREAS, Mrs. Jordan supervises more than 1,500 persons in a six-state region who administer all H.U.D. programs affecting more than 42 million citizens throughout Illinois, Indiana, Michigan, Ohio and Wisconsin. Region V is the most populous and diversified of the ten regions in the country; and

WHEREAS, Prior to her appointment as Regional Administrator, Mrs. Jordan spent more than 16 years in the Illinois government and occupied various cabinet level positions in the administration of Governor James R. Thompson and served as Assistant Director of Administrative Services of the State of Illinois; and prior to that period Mrs. Jordan served as Director of Public Service Career Programs with the Illinois Department of Personnel; and

WHEREAS, Gertrude W. Jordan's outstanding record of 17 productive years in Illinois government reflects a Black Woman with a commitment and a person concerned about people. She and her husband, Jesse, have three children; thus, this outstanding citizen is a source of pride and respect to all of us in the service of the public; now, therefore,

Be It Resolved, That we, the Mayor and members of the City Council of the City of Chicago, gathered here this 26th day of November, 1986, A. D., do hereby offer our congratulations and best wishes to Mrs. Gertrude W. Jordan as she receives the Chicago-Tougaloo Alumni Club's 1986 Community Award, and add to the recognition our own gratitude and respect for her continuing successful and productive years in public service; and

Be It Further Resolved, That a suitable copy of this resolution be presented to Mrs. Gertrude W. Jordan.

Alderman Hutchinson moved to *Suspend the Rules Temporarily* to permit immediate consideration of and action upon the foregoing proposed resolution. The motion *Prevailed*.

On motion of Alderman Hutchinson, the foregoing proposed resolution was *Adopted*, by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

Presented by

ALDERMAN HUELS (11th Ward):

Referred -- WAIVER OF CHICAGO MUNICIPAL CODE CHAPTER 33
PROVISIONS REGARDING INGRESS/EGRESS BARRIERS

A proposed order for the waiver of the Chicago Municipal Code Chapter 33, Section 33-19.1 provisions requiring barriers as a prerequisite to prohibit ingress to and/or egress from parking facilities for the property commonly known as 1622 West Pershing Road (Citicorp Savings), which was *Referred to the Committee on Streets and Alleys*.

Presented by

ALDERMAN KRYSTYNIAK (23rd Ward):

Referred -- REVOCATION OF DRIVEWAY PERMIT 805133 PREVIOUSLY
ISSUED TO JACK'S HOT DOGS.

A proposed order for the revocation of driveway permit 805133, issued on October 26, 1977 to Mr. John Koutsoubas doing business as Jack's Hot Dogs, for lack of compliance with the Chicago Municipal Code, which was *Referred to the Committee on Streets and Alleys*.

Referred -- WAIVER OF CHICAGO MUNICIPAL CODE CHAPTER 33
PROVISIONS REGARDING INGRESS/EGRESS
BARRIERS.

Also, a proposed order for the waiver of Chicago Municipal Code Chapter 33, Section 33-19.1 provisions requiring barriers as a prerequisite to prohibit ingress to and/or egress from parking facilities for the parking lot of the Midway Executive Plaza, which was *Referred to the Committee on Streets and Alleys*.

Referred -- CLOSURE OF PORTION OF WEST 58TH STREET
FOR SCHOOL PURPOSES.

Also, a proposed order to allow the Board of Education/Ferdinand W. Peck Elementary School to close to traffic West 58th Street between South Hamlin and South Springfield Avenues on all school days for school purposes during the hours of 2:15 P.M. and 3:00 P.M., which was *Referred to the Committee on Traffic Control and Safety*.

Presented by

**ALDERMAN KRYSTYNIAK (23rd Ward)
and OTHERS:**

Referred -- BOARD OF ELECTION COMMISSIONERS URGED TO
STUDY FEASIBILITY OF ESTABLISHING PHOTO
IDENTIFICATION PROGRAM.

A proposed resolution, presented by Aldermen Krystyniak, Hagopian, Pucinski, Cullerton and Majerczyk, urging the Board of Election Commissioners to consider the feasibility of establishing photo identification for all voters' identification cards, which was *Referred to the Committee on Finance*.

Presented by

ALDERMAN GUTIERREZ (26th Ward):

CONGRATULATIONS AND BEST WISHES EXTENDED TO MR.
ELIAS DIAZ y PEREZ, DIRECTOR OF "RADIO
CLUB FAMILIAR", ON OCCASION OF HIS
33RD ANNIVERSARY OF SUPPORTIVE
COMMUNITY EFFORTS.

A proposed resolution reading as follows:

WHEREAS, Mr. Elias Diaz y Perez, Director of "Radio Club Familiar," is celebrating the 33rd anniversary of the establishment of his popular radio show in Chicago; and

WHEREAS, Mr. Elias Diaz y Perez is a pioneer in the establishment of a voice for the Puerto Rican community on our radio air waves; and

WHEREAS, "Radio Club Familiar" has been and continues to be a source of valuable information on community programs and issues for all who listen to the program; and

WHEREAS, In 1965, Mr. Elias Diaz y Perez was one of the first members of the Puerto Rican community to recognize the need for an annual Puerto Rican parade to serve as an expression of the richness of Puerto Rican culture; and

WHEREAS, For the past 21 years Mr. Elias Diaz y Perez has made a substantial contribution to the ongoing success of the Puerto Rican parade through his unstinting support for this community activity; and

WHEREAS, Mr. Elias Diaz y Perez has earned the respect and affection of the Puerto Rican community and of the entire City of Chicago for his untiring efforts in the last 33 years in support of community improvement; now, therefore,

Be It Resolved, That we, the Mayor and the members of the City Council of the City of Chicago pay tribute to Mr. Elias Diaz y Perez for his contributions to improving the quality of life in the City of Chicago; and

Be It Further Resolved, That a suitable copy of this resolution be prepared and presented to Mr. Elias Diaz y Perez.

Alderman Gutierrez moved to *Suspend the Rules Temporarily* to permit immediate consideration of and action upon the foregoing proposed resolution. The motion *Prevailed*.

On motion of Alderman Gutierrez, the foregoing proposed resolution was *Adopted*, by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

Referred -- AMENDMENT OF SUNDRY SECTIONS OF CHICAGO
MUNICIPAL CODE IN REFERENCE TO REDUCTION OF
REHABILITATION COSTS FOR ADDITIONAL
SHELTERS FOR HOMELESS.

Also, a proposed ordinance to amend Sections 48-2.2, 48-4, 78.3-2, 78.4-2, 78.4- 8, 78.4-14 and 78.4-16 of the Chicago Municipal Code in reference to the reduction of rehabilitation costs involved with the building of additional shelters for homeless individuals and families, which was *Referred to the Committee on Buildings*.

Referred -- INSTALLATION OF STREET LIGHT ON PORTION OF
NORTH PAULINA STREET.

Also, a proposed order for the installation of a street light in the middle of the 1100 block of North Paulina Street, which was *Referred to the Committee on Finance*.

Presented by

ALDERMAN CULLERTON (38th Ward):

Referred -- INSTALLATION OF ALLEY LIGHT AT 3700
NORTH OCTAVIA AVENUE.

A proposed order for the installation of an alley light at 3700 North Octavia Avenue, which was *Referred to the Committee on Finance*.

Presented by

ALDERMAN O'CONNOR (40th Ward):

Referred -- ISSUANCE OF SIGN PERMIT TO GANNETT OUTDOOR
GROUP FOR ERECTION OF SIGN/SIGNBOARD AT 3049
WEST PETERSON AVENUE.

A proposed order for the issuance of a sign permit to Gannett Outdoor Group for the erection of a sign/signboard at 3049 West Peterson Avenue for Liberty Federal Saving and Loan Association of Chicago, which was *Referred to the Committee on Zoning*.

Referred -- APPROVAL OF PROPERTY AT 1800 WEST FOSTER
AVENUE AS APPROPRIATE FOR COOK COUNTY
INCENTIVE ABATEMENT PURPOSES.

Also, a proposed resolution to approve the property located at 1800 West Foster Avenue as appropriate under the Cook County Real Property Assessment Classification Ordinance, Class 6b, for incentive abatement, which was *Referred to the Committee on Finance*.

Presented by

ALDERMAN PUCINSKI (41st Ward)

TRIBUTE TO LATE SERENA NOTARI.

A proposed resolution reading as follows:

WHEREAS, Serena Notari has been called to her eternal reward; and

WHEREAS, Serena Notari devoted her entire life to a career as a radio broadcaster, serving the Italian-American community in Chicago with her broadcasts in the Italian language which she pioneered; and

WHEREAS, Serena Notari brought information, news and special notices to those Chicagoans who relied on her Italian language broadcast; and

WHEREAS, Serena Notari through her extensive work in Chicago's Italian community provided assistance to thousands of people from her native land; and

WHEREAS, Serena Notari provided critical service to those residents of Chicago who relied on her Italian language broadcasts as their only link to their community; and

WHEREAS, Serena Notari broadcast in the Italian language for 48 consecutive years and ended her brilliant career at radio station WEDC; now, therefore,

Be It Resolved, That the Mayor and the members of the City Council convey our deepest sympathy to the family of Serena Notari who has faithfully served her community and City.

Alderman Pucinski moved to *Suspend the Rules Temporarily* to permit immediate consideration of and action upon the foregoing proposed resolution. The motion *Prevailed*.

On motion of Alderman Pucinski, the foregoing proposed resolution was *Adopted*, by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

Referred -- ILLINOIS STATE LEGISLATURE URGED TO STUDY
SALARY STRUCTURE OF ELECTION JUDGES.

Also, a proposed resolution urging the Illinois State Legislature to study the salary structure of election judges, which was *Referred to the Committee on Intergovernmental Relations*.

Presented by

ALDERMAN MC LAUGHLIN (45th Ward):

CONGRATULATIONS EXTENDED TO REVEREND
MARTIN R. BOROWCZYK ON
OCCASION OF HIS
RETIREMENT.

A proposed resolution reading as follows:

WHEREAS, Reverend Martin R. Borowczyk has retired as Pastor of St. Constance Parish on Chicago's great Northwest Side, and after 44 years as an outstanding spiritual leader in the Chicagoland area; and

WHEREAS, A native of Cicero, Illinois, Father Borowczyk attended St. Mary of Czestochowa Grammar School, Quigley Seminary in Chicago before undertaking advanced studies at Mundelein, Illinois; and

WHEREAS, Upon ordination May 2, 1942, Father Borowczyk ministered throughout the Chicagoland area: St. Turibius, St. Ferdinand, St. Sylvester, St. John of the Cross in Western Springs, St. Symphorosa before becoming Pastor of St. Constance Parish, a position he held some 17 years; and

WHEREAS, Besides his constant activities as a spiritual guide, Father Borowczyk also filled a post on the Archdiocesan Personnel Board, and he served ten years in the Archdiocesan Mission Band; and

WHEREAS, The leaders of this great City always recognize with pride and respect the accomplishments of our great spiritual leaders; now, therefore,

Be It Resolved, That we, the Mayor and members of the City Council of the City of Chicago, gathered here this 24th day of November, 1986 A.D., do hereby congratulate the Reverend Martin R. Borowczyk on the occasion of his retirement after 44 years in the Service of Our Lord and after 17 years as outstanding Pastor of St. Constance Parish, and extend to this exceptional spiritual leader our very best wishes for many more years of fulfillment and success; and

Be It Further Resolved, That a suitable copy of this resolution be presented to the Reverend Martin R. Borowczyk.

Alderman McLaughlin moved to *Suspend the Rules Temporarily* to permit immediate consideration of and action upon the foregoing proposed resolution. The motion *Prevailed*.

On motion of Alderman McLaughlin, the foregoing proposed resolution was *Adopted* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

Referred -- WAIVER OF CITY FEES FOR RELOCATION
OF FIRE HYDRANT AT 4836 NORTH
NATOMA AVENUE.

Also, a proposed order to waive any and all City fees associated with the relocation of a fire hydrant at 4836 North Natoma Avenue, which was *Referred to the Committee on Finance*.

Presented by

ALDERMAN ORBACH (46th Ward):

CONGRATULATIONS EXTENDED TO RABBI SEYMOUR
J. COHEN ON HIS 25TH ANNIVERSARY
AS LEADER OF ANSHE EMET
SYNAGOGUE.

A proposed resolution reading as follows:

WHEREAS, Rabbi Seymour J. Cohen, one of this great City's most accomplished and widely respected spiritual leaders, is celebrating his Twenty- Fifth Anniversary at Anshe Emet Synagogue December 7, 1986; and

WHEREAS, Under Rabbi Seymour J. Cohen's guidance, Anshe Emet has developed into one of Chicago's most inspired religious institutions; and

WHEREAS, Rabbi Seymour J. Cohen's intelligence and dedication extend far beyond his proud and grateful congregation, and beyond the City of Chicago as well; a widely published author, his books and articles enjoy wide circulation; also he has served as Vice-President and President of the Rabbinical Assembly, National Chairman, Z.O.A. Rabbinic Council, and President of the Synagogue Council of America. Locally, Rabbi Cohen is a longtime member of the Board of Directors, Jewish Welfare Fund of the Jewish Federation

of Metropolitan Chicago, and has served many years as a Chaplain of the Chicago Fire Department; and

WHEREAS, Rabbi Seymour J. Cohen's selfless dedication has earned him local, national and international recognition. He served Holocaust survivors in Italy and France as part of the Zionist Organization of America fellowship service; he led the first Conservative Rabbinic Mission to the Histadrut, Israel's Federation of Labor; he served as Chairman, American Jewish Conference on Soviet Jewry; and, most recently, he is a member of the Committee to Commemorate the United States Constitution in Illinois, Inc.; and

WHEREAS, Rabbi Cohen's credits as a scholar are outstanding: he graduated Phi Beta Kappa from the College of the City of New York (B.S.) in 1942, holds two Master's Degrees, earned a Ph.D. from the University of Pittsburgh (1953); and a D.D. from the Jewish Theological Seminary (1971). He was ordained in 1946; and

WHEREAS, Rabbi Cohen is as dedicated a family man as he is a spiritual influence. He and his wife, Naomi, have three children and represent the solidity and strength of family life; and

WHEREAS, The leaders of this great City are cognizant of the immense contributions of our spiritual leaders; now, therefore,

Be It Resolved, That we, the Mayor and members of the City Council of the City of Chicago, gathered here this 24th day of November, 1986, A.D., do hereby congratulate Rabbi Seymour J. Cohen on the December 7 celebration of his Twenty-fifth Anniversary as spiritual leader of Anshe Emet Synagogue, and on his selfless dedication to the betterment of mankind; and

Be It Further Resolved, That Sunday, December 7, 1986, be known as "Rabbi Seymour J. Cohen Day in Chicago"; and

Be It Further Resolved, That a suitable copy of this resolution be presented to Rabbi Seymour J. Cohen.

Alderman Orbach moved to *Suspend the Rules Temporarily* to permit immediate consideration of and action upon the foregoing proposed resolution. The motion *Prevailed*.

On motion of Alderman Orbach, the foregoing proposed resolution was *Adopted*, by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

Presented by

ALDERMAN VOLINI (48th Ward):

Referred -- INITIATION OF REFERENDUM CONCERNING MANNER
OF SELECTION OF CITY OFFICIALS.

A proposed resolution to initiate a referendum question to give voters the opportunity to decide whether the mayor, treasurer and clerk of the City of Chicago should be elected on a nonpartisan basis, which was *Referred to the Committee on Committees, Rules and Appointments*.

5. *FREE PERMITS, LICENSE FEE EXEMPTIONS, CANCELLATION
OF WARRANTS FOR COLLECTION, AND WATER RATE
EXEMPTIONS, ETC.*

Proposed ordinances, orders, etc. described below, were presented by the aldermen named, and were *Referred to the Committee on Finance*, as follows:

FREE PERMITS:

BY ALDERMAN GUTIERREZ (26th Ward):

Norwegian American Hospital -- for remodeling existing structure and for the construction of an addition on the premises known as 1044 N. Francisco Avenue.

BY ALDERMAN CULLERTON for ALDERMAN LAURINO (39th Ward):

Northeastern Illinois University -- for electrical installations on the premises known as 5500 N. St. Louis Avenue.

BY ALDERMAN PUCINSKI (41st Ward):

Our Lady Mother of the Church -- for construction of sewer pipe on the premises known as 8747 W. Lawrence Avenue.

BY ALDERMAN ORR (49th Ward):

The Good News Partners -- for rehabilitation of existing structure on the premises known as 7729 N. Hermitage Avenue.

The Good News Partners -- for remodeling the Jonquil Hotel on the premises known as 1600 W. Jonquil Terrace.

LICENSE FEE EXEMPTIONS:

BY ALDERMAN ROTI (1st Ward):

Pacific Garden Mission, 646 S. State Street.

BY ALDERMAN BLOOM (5th Ward):

Hyde Park Community Hospital, 5800 S. Stony Island Avenue.

BY ALDERMAN SOLIZ (25th Ward):

Mount Sinai Hospital Medical Center, S. California Avenue at W. 15th Street.

CANCELLATION OF WARRANTS FOR COLLECTION:

BY ALDERMAN BLOOM (5th Ward):

McCormick Theological Seminary, 5555 S. Woodlawn Avenue -- building inspection.

St. Mary's Square Living Center of Chicago, Inc., 7270 S. South Shore Drive -- driveway inspections.

BY ALDERMAN MAJERCZYK (12th Ward):

Misericordia Heart of Mercy Home, 2916 W. 47th Street -- driveway inspection.

BY ALDERMAN MELL (33rd Ward):

Grace Convalescent Home, 2800 W. Grace Street -- elevator inspection.

BY ALDERMAN PUCINSKI (41st Ward):

Resurrection High School, 7432 W. Talcott Avenue -- elevator inspections.

Norwood Park, Home, 6016 N. Nena Avenue -- boiler inspection.

BY ALDERMAN NATARUS (42nd Ward):

Northwestern Memorial Hospital, 240 E. Pearson Street -- building inspection.

BY ALDERMAN OBERMAN (43rd Ward):

Grant Hospital, 551 W. Grant Place -- sign and surcharge inspections.

Moody Bible Institute, 1609 N. LaSalle Street -- sign inspection.

BY ALDERMAN HANSEN (44th Ward):

St. Joseph Hospital and Health Care Center, 2900 N. Lake Shore Drive -- sign and surcharge inspections.

WATER RATE EXEMPTIONS:

BY ALDERMAN CULLERTON (38th Ward):

John F. Kennedy Medical Center, 6808 W. Belmont Avenue.

BY ALDERMAN PUCINSKI (41st Ward):

Norwegian Old Peoples Home, 6016 N. Nena Avenue.

BY ALDERMAN OBERMAN (43rd Ward):

Moody Institute, 1610 N. Clark Street.

BY ALDERMAN STONE (50th Ward):

Congregation Ch. K. Machziki Hados, 2040 W. Devon Avenue.

REFUND OF FEES:

Our Lady Mother of the Church, 8747 W. Lawrence Avenue -- Refund of Permit No. 1361 for tile and cast iron sewer pipe installation.

**APPROVAL OF JOURNAL OF
PROCEEDINGS.**

JOURNAL (November 13, 1986).

The City Clerk submitted the printed Official Journal of the Proceedings of the regular meeting held on November 13, 1986, at 2:00 P.M., signed by him as such City Clerk.

Alderman Cullerton moved to *Correct* the printed Official Journal as follows:

Page 37030 - by deleting the name "Evans" appearing on the fifth line from the top of the page and inserting the name "Cullerton" in lieu thereof.

The motion *Prevailed*.

Thereupon, Alderman Evans moved to *Approve* said printed Official Journal as amended and to dispense with the reading thereof. The question being put, the motion *Prevailed*.

UNFINISHED BUSINESS.

AMENDMENTS TO 1987 ANNUAL APPROPRIATION ORDINANCE APPROVED.

On motion of Alderman Evans, the City Council took up for consideration the report of the Committee on the Budget deferred and published in the Journal of the Proceedings of November 13, 1986, pages 36932-36939, recommending that the City Council pass a proposed ordinance amending the 1987 Annual Appropriation Ordinance.

Alderman Evans introduced a series of additional amendments to the said proposed ordinance.

[Amendments printed on pages 37155 through 37161
of this Journal.]

On motion of Alderman Evans, the proposed additional amendments were *Adopted* by a viva voce vote.

Alderman Oberman then introduced a series of amendments to the said proposed ordinance.

[Amendments printed on pages 37162 through 37167 of this Journal.]

Alderman Natarus moved to refer the proposed amendments to the Committee on Committees, Rules and Appointments.

Alderman Beavers moved to *Lay on the Table* the motion to refer. The motion to Table *Prevailed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, W. Davis, Smith, D. Davis, Hagopian, Santiago, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, Pucinski, Hansen, McLaughlin, Orbach, Schuler, Volini, Orr -- 41.

Nays -- Aldermen Bloom, Gutierrez, Natarus, Oberman -- 4.

Alderman Oberman, moved to adopt the said proposed amendments.

The motion failed to pass by yeas and nays as follows:

Yeas -- Aldermen Gutierrez, Kotlarz, Natarus, Oberman, Volini, Orr -- 6.

(Continued on page 37168)

11/24/86

UNFINISHED BUSINESS

37155

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF LAW - 31-2005				
	1637	Administration - 3005 Legal Systems Specialist I	1	18,132	1	18,312
	1642	Revenue - 3025 Senior Attorney	1	39,072		
	1641	Senior Attorney-Supervisor			1	39,072
	1642	Building and Housing - 3035 Senior Attorney	2	32,792	2	32,796
	1641	Finance and Economic Development - 3045 Senior Attorney-Supervisor	1	46,590	1	46,596
	1641	Labor and Personnel - 3060 Senior Attorney-Supervisor	1	46,595	1	46,596
	1642	Senior Attorney	1	44,592	2	44,592
	1642	Senior Attorney	2	34,272	1	34,272
	1642	General Litigation - 3070 Senior Attorney	1	35,796		
	1641	Senior Attorney-Supervisor			1	35,796
		Turnover		60,161		70,676

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert			
			No.	Amount	No.	Amount		
DEPARTMENT OF PERSONNEL - 33-2005								
Record & Information Management								
Services - 3030								
69	0423	Head Clerk	1	\$ 20,796	2	\$ 20,796		
	0423	Head Clerk	1	19,764				
		Less Turnover		88,000		89,032		

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UNFINISHED BUSINESS

37157

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
DEPARTMENT OF PURCHASES, CONTRACTS AND SUPPLIES - 35-2005						
71		Administrative Services - 4010				
	0633	Data Output Handler	1	\$ 14,772		\$
	0669	Remote Terminal Operator			1	14,772

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		BUILDING BOARD OF APPEALS - 69-3005				
186	8910	Chairman, Building Board of Appeals	1	\$ 18,000	1	\$ -0-
	8912	Member, Building Board of Appeals	1	12,000	2	12,000
	8912	Member, Building Board of Appeals	4	-0-	3	-0-
	.0015	Schedule Salary Adjustments		805		6,805

11/24/86

UNFINISHED BUSINESS

37159

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporte Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF STREETS AND SANITATION - 81-2005				
		BUREAU OF RODENT CONTROL - 81-2025				
		Rodent Control - 3070				
207	6324	Laborer	6	\$ 11.92		\$
	2374	Sanitary Inspector	1	18,852		
	3525	Community Aide III			7	21,828
		Less Turnover		45,000		33,043
		(Union Grievance)				

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF STREETS AND SANITATION - 81-2050-3170				
219	6676	BUREAU OF EQUIPMENT SERVICES Foreman of Machinists (Open Line)			\$	19.40

11/24/86

UNFINISHED BUSINESS

37161

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

200 - Water Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF WATER - 87-2005				
		BUREAU OF WATER OPERATIONS - 87-2035				
		Water Purification Division				
278	6053	Mechanical Engineer III	1	\$ 33,888		
	5518	Filtration Engineer III			1	\$ 33,888

(Union Grievance)

CORRECTIONS AND REVISIONS FOR THE 1987 APPROPRIATION ORDINANCE

100 - Corporate Fund

Page 1

Page	Code	Department and Item	Strike	Insert
			No. Amount	No. Amount
30		Committee on Administration, Reorganization and Personnel		
	2015	Organization Total	103,300	0
30		Committee on Aviation		
	2020	Organization Total	81,750	0
30		Committee on Beautification and Recreation		
	2025	Organization Total	79,500	0
30	2030	Committee on Buildings		
		Organization Total	130,500	0
30		Committee on Claims and Liabilities		
	2040	Organization Total	54,200	0
31		Committee on Committees and Rules		
	2045.000	For Personal Services	110,000	52,690
	2045.100	For Contractual Services	2,000	1,870
	2045.300	For Commodities	500	440
		Organization Total	112,500	55,000
31		Committee on Cultural Develop- ment and Historical Landmark Preservation		
	2050	Organization Total	66,000	0
31		Committee on Economic Devel- opment		
	2055	For Personal Services	79,000	52,690
		Organization Total	81,600	55,550

CORRECTIONS AND REVISIONS FOR THE 1987 APPROPRIATION ORDINANCE

Page 2

Page	Code	Department and Item	Strike	Insert
			No. Amount	No. Amount
31		Committee on Education For Personal Services	81,900	47,520
	2060.000	Organization Total	88,700	50,500
31		Committee on Energy and Environ- mental Protection and Public Utilities		
	2070	Organization Total	59,900	0
32		Committee on Health		
	2075	Organization Total	104,800	0
32		Committee on Housing		
	2080	Organization Total	93,914	0
32		Committee on Human Rights and Consumer Protection		
	2090	Organization Total	70,750	0
32		Committee on Intergovernmental Relations		
	2100	Organization Total	76,800	0
32		Committee on Land Acquisition and Disposition		
	2105	Organization Total	82,280	0
33		Committee on Licenses		
	2115	Organization Total	90,900	0

CORRECTIONS AND REVISIONS FOR THE 1987 APPROPRIATION ORDINANCE

Page 3

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
33	2120	Committee on Streets and Alleys Organization Total		115,300		0
33	2125	Committee on Local Transportation Organization Total		29,844		0
33	2135	Committee on Police and Fire Organization Total		90,800		0
33	2140	Committee on Ports, Wharves, & Bridges Organization Total		70,900		0
34	2150	Committee on Aging and Disabled Organization Total		54,508		0
34	2155	Committee on Special Events and World's Fair Organization Total		132,600		0
34	2170	Committee on Zoning For Personal Services Organization Total		230,000 246,300		68,970 84,480
34	2180	Committee on Animal Treatment and Control Organization Total		54,600		0
35	2184	Committee on Community Maintenance and Development Organization Total		84,000		0
35	2190	Committee on Community Services Organization Total		51,200		0

11/24/86

UNFINISHED BUSINESS

37165

CORRECTIONS AND REVISIONS FOR THE 1987 APPROPRIATION ORDINANCE

100 - Corporate Fund

Page 4

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		Committee on Buildings and Housing				
	2030.000	For Personal Services	0		49,500	
	2030.100	For Contractual Services	0		2,200	
	2030.200	For Travel	0		550	
	2030.300	For Commodities	0		2,750	
		Organization Total	0		55,000	
		Committee on Health and Environment				
	2075.000	For Personal Services	0		49,500	
	2075.100	For Contractual Services	0		2,200	
	2075.200	For Travel	0		550	
	2075.300	For Commodities	0		2,750	
		Organization Total	0		55,000	
		Committee on License and Utilities				
	2115.000	For Personal Services	0		49,500	
	2115.100	For Contractual Services	0		2,200	
	2115.200	For Travel	0		550	
	2115.300	For Commodities	0		2,750	
		Organization Total	0		55,000	
		Committee on Cultural Development, Historical Landmark Preservation and Special Events				
	2050.000	For Personal Services	0		49,500	
	2050.100	For Contractual Services	0		2,200	
	2050.200	For Travel	0		550	
	2050.300	For Commodities	0		2,525	
		Organization Total	0		54,775	

CORRECTIONS AND REVISIONS FOR THE 1987 APPROPRIATION ORDINANCE

Page 5

Page	Code	Department and Item	Strike	Insert
			No. Amount	No. Amount
		Committee on City Services		
	2190.000	For Personal Services	0	49,500
	2190.100	For Contractual Services	0	2,200
	2190.200	For Travel	0	550
	2190.300	For Commodities	0	2,525
		Organization Total	0	54,775
27		Committee on Finance		
	2010.000	For Personal Services	928,668	0
	2010.010	For Contractual Services	609,600	0
	2010.020	For Travel	12,050	0
	2010.030	For Commodities	10,800	0
	2010.070	For Contingencies	100,100	0
	2010.090	For Specific Purposes-General	215,000	0
		Organization Total	1,876,218	0
29		Committee on Budget		
	2013.000	For Personal Services	315,972	635,917
	2013.070	For Contingencies	30,000	80,000
	2013.010	For Contractual Services	0	308,617
	2013.020	For Travel	0	8,100
	2013.030	For Commodities	0	15,000
	2013.090	For Specific Purposes-General	0	216,200
		Organization Total	345,972	1,263,834
		TOTAL	\$4,529,636	\$1,783,914
		SAVINGS \$2,745,722		

11/24/86

UNFINISHED BUSINESS

37167

CORRECTIONS AND REVISIONS FOR THE 1987 APPROPRIATION ORDINANCE

300 - Vehicle Tax

Page 1

Page	Code	Department and Item	Strike	Insert
			No. Amount	No. Amount
287		Committee on Local Transportation		
	2125.000	For Personal Services	330,000	0
	2125.9030	For General Office Expense	13,104	0
	2125.0100	For Contractual Services	180,000	0
	2125.900	For Special Purposes-General	13,104	0
		Organization Total	523,104	0
287		Committee on Traffic Control and Safety		
	2165.0200	For Travel	100	0
	2165.0300	For Commodities	500	0
	2165.9035	For Plans, Surveys, etc.	270,000	0
	2165.9000	For Specific Purposes-General	270,000	0
		Organization Total	270,600	0
		Committee on Traffic, Transportation and Public Ways		
	2125.000	For Personal Services	0	55,000
	2125.0100	For Contractual Services	0	27,500
	2125.0200	For Travel	0	550
	2125.0300	For Commodities	0	22,000
		Organization Total	0	105,050
		TOTAL	\$793,704	\$105,050
		SAVINGS \$688,654		

Mark [Signature] 43
Joe [Signature] 26

(Continued from page 37154)

Nays -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, W. Davis, Smith, D. Davis, Hagopian, Santiago, Mell, Frost, Banks, Giles, Cullerton, Pucinski, Hansen, McLaughlin, Orbach, Schulter -- 39.

Alderman Burke introduced the first of thirteen amendments to the said proposed ordinance.

[Amendment printed on page 37169 of this Journal.]

On motion of Alderman Burke, the said proposed amendment was *Adopted* by a viva voce vote.

Alderman Burke then introduced the second of thirteen amendments to the said proposed ordinance.

[Amendment printed on page 37170 of this Journal.]

Alderman Burke moved to adopt the said proposed amendment. The motion failed to pass by yeas and nays as follows:

Yeas -- Aldermen Roti, Huels, Majerczyk, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach, Schulter, Volini -- 22.

Nays -- Alderman Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Orr -- 24.

Alderman Burke then introduced the third of thirteen amendments to the said proposed ordinance.

[Amendment printed on page 37171 of this Journal.]

Alderman Burke moved to adopt the said proposed amendment. The motion failed to pass by yeas and nays as follows:

Yeas -- Aldermen Roti, Huels, Majerczyk, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach, Schulter, Volini -- 22.

(Continued on page 37172)

11/24/86

UNFINISHED BUSINESS

37169

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		City Council				
		City Council Committees - 15				
31		Committee on Historical Landmark Preservation				
	2050.000	For Personal Services		60,000		66,0
	.100	For Contractual Services		2,500		
	.200	For Travel		500		
	.300	For Commodities and Materials		1,000		
	.400	For Contingencies		2,000		

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF PURCHASES, CONTRACTS AND SUPPLIES				
77	100-2005 -005	Salaries and Wages-on Payroll		4,483,733		4,547,58
		Warehouse and Stores-3040 Warehouse and Stores-4030				
80	1853	Supervisor of Inventory Control III			1	29,28
		Salvage Section-4035				
81	1819	Chief Storekeeper			1	35,56
		Other Operating Expenses				
254	100-2005 -0955	Interest on Daily Tender Notes		26,222,000		26,457,15

11/24/86

UNFINISHED BUSINESS

37171

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount

DEPARTMENT OF CONTRACTS, PURCHASES
AND SUPPLIES - 35Warehouses and Stores - 3040
Warehouses and Stores - 4030

80	1819	Chief Storekeeper			1	38,91

(Continued from page 37168)

Nays -- Alderman Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Orr -- 24.

Alderman Burke then introduced the fourth of thirteen amendments to the said proposed ordinance.

[Amendment printed on page 37173 of this Journal.]

Alderman Burke moved to adopt the said proposed amendment. The motion failed to pass by yeas and nays as follows:

Yeas -- Aldermen Roti, Huels, Majerczyk, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach, Schulter, Volini -- 22.

Nays -- Alderman Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Orr -- 24.

Alderman Burke then introduced the fifth of thirteen amendments to the said proposed ordinance.

[Amendment printed on page 37174 of this Journal.]

Alderman Burke moved to adopt the said proposed amendment. The motion failed to pass by yeas and nays as follows:

Yeas -- Aldermen Roti, Huels, Majerczyk, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach, Schulter -- 22.

Nays -- Alderman Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Volini, Orr -- 25.

Alderman Burke then introduced the sixth of thirteen amendments to the said proposed ordinance.

[Amendment printed on page 37175 of this Journal.]

Alderman Burke moved to adopt the said proposed amendment. The motion failed to pass by yeas and nays as follows:

(Continued on page 37176)

11/24/86

UNFINISHED BUSINESS

37173

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF HEALTH - 44				
		North River Mental Health Center-3220				
103	3534	Clinical Therapist III			1	30,71
114		Less Turnover		1,050,000		1,080,71

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
DEPARTMENT OF HEALTH						
	100-2005 -0005	Salaries and Wages on Payroll		29,755,758		29,845,40
West Town Health Center-3070						
98	3573	Medical Interviewer - Bilingual			1	15,51
	3573	Medical Interviewer - Bilingual			1	14,27
Lower West Health Service Center-3075						
99	3573	Medical Interviewer - Bilingual			1	15,51
	3573	Medical Interviewer - Bilingual			1	14,77
South Chicago Health Center-3100						
101	3573	Medical Interviewer - Bilingual			2	14,77
Finance General						
Other Operating Expenses						
254	100-2005 -0955	Interest on Daily Tender Notes		26,522,000		26,432,38

11/24/86

UNFINISHED BUSINESS

37175

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF INSPECTIONAL SERVICES-67				
		Bureau of Technical Inspectors-3025				
		Iron Inspections-4105				
185	2165	Chief Structural -Architectural Inspector			1	3,616.00
185		Less Turnover		164,106		207,49

(Continued from page 37172)

Yeas -- Aldermen Roti, Huels, Majerczyk, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach, Schulter, -- 22.

Nays -- Aldermen Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Volini, Orr -- 25.

Alderman Burke then introduced the seventh of thirteen amendments to the said proposed ordinance.

[Amendment printed on page 37177 of this Journal.]

Alderman Burke moved to adopt the said proposed amendment. The motion failed to pass by yeas and nays as follows:

Yeas -- Aldermen Roti, Huels, Majerczyk, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach, Schulter, -- 22.

Nays -- Aldermen Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Volini, Orr -- 25.

Alderman Burke then introduced the eighth of thirteen amendments to the said proposed ordinance.

[Amendment printed on page 37178 of this Journal]

Alderman Burke moved to adopt the said proposed amendment. The motion failed to pass by yeas and nays as follows:

Yeas -- Aldermen Roti, Huels, Majerczyk, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach, Schulter, -- 22.

Nays -- Aldermen Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Volini, Orr -- 25.

Alderman Burke then introduced the ninth of thirteen amendments to the said proposed ordinance.

[Amendment printed on page 37180 of this Journal.]

(Continued on page 37179)

11/24/86

UNFINISHED BUSINESS

37177

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF INSPECTIONAL SERVICES - 67				
		Bureau of Technical Inspections - 3025				
		Electrical Code Compliance Inspection - 4085				
184	5156	Chief Electrical Inspector	1	50,640	1	51,62
185		Less Turnover		164,106		165,08

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF INSPECTIONAL SERVICES - 67				
		Bureau of Technical Inspections - 3025				
		Elevator Code Compliance Inspection - 4090				
184	2137	Elevator Inspector	14	3,487.00M	17	3,487.00
185		Less Turnover		164,106		302,59

(Continued from page 37176)

Alderman Burke moved to adopt the said proposed amendment. The motion failed to pass by yeas and nays as follows:

Yeas -- Aldermen Roti, Huels, Majerczyk, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach, Schulter, -- 22.

Nays -- Aldermen Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Volini, Orr -- 25.

Alderman Burke then introduced the tenth of thirteen amendments to the said proposed ordinance.

[Amendment printed on page 37181 of this Journal.]

Alderman Burke moved to adopt the said proposed amendment. The motion failed to pass by yeas and nays as follows:

Yeas -- Aldermen Roti, Huels, Majerczyk, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach, Schulter -- 22.

Nays -- Aldermen Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Volini, Orr -- 25.

Alderman Burke then introduced the eleventh of thirteen amendments to the said proposed ordinance.

[Amendment printed on page 37182 of this Journal.]

Alderman Burke moved to adopt the said proposed amendment. The motion failed to pass by yeas and nays as follows:

Yeas -- Aldermen Roti, Huels, Majerczyk, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach, Schulter -- 22.

Nays -- Aldermen Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Volini, Orr -- 25.

Alderman Burke then introduced the twelfth of thirteen amendments to the said proposed ordinance.

(Continued on page 37183)

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert			
			No.	Amount	No.	Amount		
FINANCE GENERAL								
Other Operating Expenses								
254	100-2005 -0955	Interest on Daily Tender Notes		26,222,000		26,147,00		
255	100-2005 -9012	For payment of auditing pursuant to the revenue procedures ordinance to be expended at the Direction of the Chairman of the Committee on Finance				75,00		

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UNFINISHED BUSINESS

37181

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		FINANCE GENERAL				
		Other Operating Expenses - 99				
255	100-2005-9079					
		Strike:				
		For Funding of Delegate Agencies:				
		To be expended at the direction of the				
		Budget Director		250,000		
		Insert:				
		For funding of delegate agencies:				
		Belmont Central Chamber of Commerce (\$27,000); Beverly Area				
		Planning Association (\$30,000); Jefferson Park Chamber				
		of Commerce (\$28,000); Portage Park Chamber of Commerce (\$35,0				
		87th Street/Stony Island Chamber of Commerce (\$25,000); 95th				
		Street/Beverly Hills Business Association (\$25,000); Edison Pa				
		Chamber of Commerce (\$15,000); Norwood Park Chamber of				
		Commerce (\$15,000); Wrightwood Improvement Association (\$25,00				
		Ravenswood Chamber of Commerce (\$15,000); Edgebrook Chamber of				
		Commerce (\$15,000); Mount Greenwood Chamber of				
		Commerce (\$25,000); North & Austin Merchants'				
		Association (\$25,000)			315,00	
254	100-2005-0955	Interest on Daily Tender Notes		26,522,000		26,457,00

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

300 - Vehicle Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
COMMITTEE ON TRAFFIC CONTROL AND SAFETY - 15						
287	300-2165 0350	Stationery and Office Supplies		500		1,50
	300-2165- 9035	For plans and surveys relating to function, use and improvements of streets; for the study of channelization of streets and intersections: all with respect to the facilitation of traffic and the safety of the pedestrian, and the services, supplies and reports incident thereto		270,000		345,00

(Continued from page 37179)

[Amendment printed on page 37184 of this Journal.]

Alderman Burke moved to adopt the said proposed amendment. The motion failed to pass by yeas and nays as follows:

Yeas -- Aldermen Roti, Huels, Majerczyk, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, Orbach, Schuler, Volini -- 22.

Nays -- Aldermen Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Orr -- 23.

Alderman Burke then introduced the last of thirteen amendments to the said proposed ordinance.

[Amendment printed on page 37185 of this Journal.]

On motion of Alderman Burke, the said proposed amendment was Adopted by a viva voce vote.

Alderman Sheahan then introduced two amendments to the said proposed ordinance and moved to refer the proposed amendments to the Committee on the Budget.

The motion *Prevailed* by a viva voce vote.

[Amendments printed on pages 37186 through 37187
of this Journal.]

Thereupon, Alderman Evans moved to *Pass* the said proposed amended ordinance as amended. The motion *Prevailed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Majerczyk, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Gabinski, Mell, Frost, Giles, Natarus, Oberman, Hansen, Orbach, Schuler, Volini, Orr -- 32.

Nays -- Aldermen Huels, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, McLaughlin -- 15.

[Ordinance amending the 1987 Annual Appropriation Ordinance is printed
on pages 37188 through 37206 of this Journal.]

Alderman Evans then presented the following motion:

I move that the Annual Appropriation Ordinance for the year 1987, as amended, be published in special pamphlet form no later than 12:00 Noon on November 25, 1986.

The motion *Prevailed* by a viva voce vote.

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

300 - Vehicle Tax Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF PUBLIC WORKS				
		Bureau of Traffic Engineering				
		and Operation - 83				
		Street Signs and Street Marking - 3090				
311	6601	Blacksmith Helper			1	19.30

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

310 - Motor Fuel Tax Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount

317

STRIKE: For general operating expenses of the Committee on Finance in administering, investigating, programming, and other functions necessary in conjunction with the repair and maintenance of streets and highways (\$185,000), to be expended only upon the approval of a spending plan to be approved by the members of the Committee on Finance.

INSERT: For general operating expenses of the Committee on Finance in administering, investigating, programming, and other functions necessary in conjunction with the repair and maintenance of streets and highways (\$185,000),

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

300 - Vehicle Tax Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF PUBLIC WORKS				
		Bureau of Traffic Engineering				
		and Operation - 83				
		Street Signs and Street Marking - 3090				
311	6601	Blacksmith Helper			1	19.30h

Theresa [unclear]

11/24/86

UNFINISHED BUSINESS

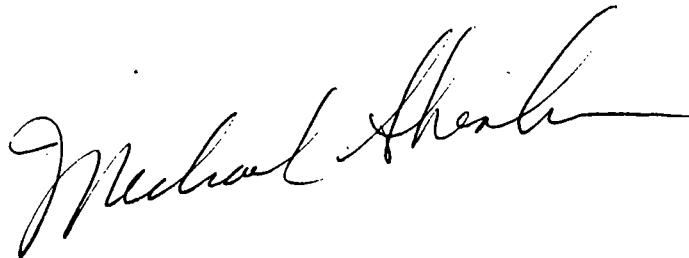
37187

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF CONTRACTS, PURCHASES AND SUPPLIES - 35				
		Warehouses and Stores - 3040				
		Warehouses and Stores - 4030				
80	1819	Chief Storekeeper			1	38,928



ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. That the Annual Appropriation Ordinance of the City of Chicago for the year of 1987 passed on November 5, 1987, City Council Journal of Proceedings, Page 36172-36578 be and the same is hereby amended in the following respect;

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		OFFICE OF THE MAYOR - 1/2005				
		OFFICE OF INTERGOVERNMENTAL AFFAIRS				
		- 3020				
13	9833	Assistant Administrative Secretary III	1	\$ 32,244		
	9637	Administrative Assistant			1	\$ 32,244

11/24/86

UNFINISHED BUSINESS

37189

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		POLICE DEPARTMENT - 57/1005				
125	.0142	STRIKE: Accounting and Auditing				
	.0142	INSERT: Accounting and Auditing at the direction of the Chairman of the Committee on Finance; the criteria for the selection and the condition under which the work is to be per- formed shall be determined by the Committee on Finance.				

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		FINANCE GENERAL - OTHER OPERATING EXPENSES - 99/2005				
254	.0142	STRIKE: Accounting and Auditing				
	.0142	INSERT: Accounting and Auditing at the direction of the Chairman of the Committee on Finance; the criteria for the selection and the condition under which the work is to be per- formed shall be determined by the Committee on Finance.				
255	.9079	STRIKE: For funding of Delegate Agencies: To be expended at the direction of the Budget Director.				
	.9079	INSERT: For funding of the following Delegate Agencies and such others as the City Council may designate: To be expended at the direction of the Budget Director with the concurrence of the City Council. Belmont Central Chamber of Commerce; Beverly Area Planning Association; Jefferson Park Chamber of Commerce; Portage Park Chamber of Commerce; 87th Street/Stony Island Chamber of Commerce; 95th Street/Beverly Hills Business Association; Edison Park Chamber of Commerce; Norwood Park Chamber of Commerce; Wrightwood Improvement Asso- ciation; Ravenswood Chamber of Commerce North and Austin Merchants Association, Mt. Greenwood Chamber of Commerce, Edgebrook Chamber of Commerce.				

11/24/86

UNFINISHED BUSINESS

37191

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

200 - Water Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount

FINANCE GENERAL - OTHER OPERATING
EXPENSES - 99/2005

285

.0142

STRIKE:
Accounting and Auditing

.0142

INSERT:
Accounting and Auditing at the
direction of the Chairman of the
Committee on Finance; the criteria
for the selection and the condition
under which the work is to be per-
formed shall be determined by the
Committee on Finance.

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

300 - Vehicle Tax Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount

FINANCE GENERAL - OTHER OPERATING
EXPENSES - 99/2005

315

.0142

STRIKE:
Accounting and Auditing

.0142

INSERT:
Accounting and Auditing at the
direction of the Chairman of the
Committee on Finance; the criteria
for the selection and the condition
under which the work is to be per-
formed shall be determined by the
Committee on Finance.

11/24/86

UNFINISHED BUSINESS

37193

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

314 - Sewer Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount

FINANCE GENERAL - OTHER OPERATING
EXPENSES - 99/2005

324

.0142

STRIKE:
Accounting and Auditing

.0142

INSERT:
Accounting and Auditing at the
direction of the Chairman of the
Committee on Finance; the criteria
for the selection and the condition
under which the work is to be per-
formed shall be determined by the
Committee on Finance.

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

346 - Library Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		FINANCE GENERAL - OTHER OPERATING EXPENSES - 99/2005				
336	.0142	STRIKE: Accounting and Auditing				
	.0142	INSERT: Accounting and Auditing at the direction of the Chairman of the Committee on Finance; the criteria for the selection and the condition under which the work is to be per- formed shall be determined by the Committee on Finance.				

11/24/86

UNFINISHED BUSINESS

37195

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

610 - Midway Airport Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount

FINANCE GENERAL - OTHER OPERATING
EXPENSES - 99/2005

350

.0142

STRIKE:
Accounting and Auditing

.0142

INSERT:
Accounting and Auditing at the
direction of the Chairman of the
Committee on Finance; the criteria
for the selection and the condition
under which the work is to be per-
formed shall be determined by the
Committee on Finance.

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

701 - Calumet Skyway Toll Bridge Revenue Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		FINANCE GENERAL - OTHER OPERATING EXPENSES - 99/2005				
356	.0142	STRIKE: Accounting and Auditing				
	.0142	INSERT: Accounting and Auditing at the direction of the Chairman of the Committee on Finance; the criteria for the selection and the condition under which the work is to be per- formed shall be determined by the Committee on Finance.				

11/24/86

UNFINISHED BUSINESS

37197

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

740 - Chicago O'Hare International Airport Revenue Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		FINANCE GENERAL - OTHER OPERATING EXPENSES - 99/2005				
357	.0142	STRIKE: Accounting and Auditing				
	.0142	INSERT: Accounting and Auditing at the direction of the Chairman of the Committee on Finance; the criteria for the selection and the condition under which the work is to be per- formed shall be determined by the Committee on Finance.				

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF LAW - 31-2005				
	1637	Administration - 3005 Legal Systems Specialist I	1	18,132	1	18,311
	1642	Revenue - 3025 Senior Attorney	1	39,072		
	1641	Senior Attorney-Supervisor			1	39,072
	1642	Building and Housing - 3035 Senior Attorney	2	32,792	2	32,796
	1641	Finance and Economic Development - 3045 Senior Attorney-Supervisor	1	46,590	1	46,596
	1641	Labor and Personnel - 3060 Senior Attorney-Supervisor	1	46,595	1	46,596
	1642	Senior Attorney	1	44,592	2	44,596
	1642	Senior Attorney	2	34,272	1	34,271
	1642	General Litigation - 3070 Senior Attorney	1	35,796		
	1641	Senior Attorney-Supervisor			1	35,796
		Turnover		60,161		70,676

11/24/86

UNFINISHED BUSINESS

37199

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		insert			
			No.	Amount	No.	Amount		
DEPARTMENT OF PERSONNEL - 33-2005								
Record & Information Management								
Services - 3030								
69	0423	Head Clerk	1	\$ 20,796	2	\$ 20,796		
	0423	Head Clerk	1	19,764				
		Less Turnover		88,000		89,032		

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF PURCHASES, CONTRACTS AND SUPPLIES - 35-2005				
71		Administrative Services - 4010				
	0633	Data Output Handler	1	\$ 14,772		
	0669	Remote Terminal Operator			1	\$ 14,772

11/24/86

UNFINISHED BUSINESS

37201

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
BUILDING BOARD OF APPEALS - 69-3005						
186	8910	Chairman, Building Board of Appeals	1	\$ 18,000	1	\$ -0-
	8912	Member, Building Board of Appeals	1	12,000	2	12,000
	8912	Member, Building Board of Appeals	4	-0-	3	-0-
	.0015	Schedule Salary Adjustments		805		6,805

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF STREETS AND SANITATION				
		- 81-2005				
		BUREAU OF RODENT CONTROL - 81-2025				
		Rodent Control - 3070				
207	6324	Laborer	6	\$ 11.92		\$
	2374	Sanitary Inspector	1	18,852		
	3525	Community Aide III			7	21,829
		Less Turnover		45,000		33,043
		(Union Grievance)				

11/24/86

UNFINISHED BUSINESS

37203

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF STREETS AND SANITATION - 81-2050-3170				
219	6676	BUREAU OF EQUIPMENT SERVICES Foreman of Machinists (Open Line)			\$	19.40

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

200 - Water Fund

Page _____

Page	Code	Department and Item	Strike		insert	
			No.	Amount	No.	Amount
		DEPARTMENT OF WATER - 87-2005				
		BUREAU OF WATER OPERATIONS - 87-2035				
		Water Purification Division				
278	6053	Mechanical Engineer III	1	\$ 33,888		
	5518	Filtration Engineer III			1	\$ 33,888

(Union Grievance)

11/24/86

UNFINISHED BUSINESS

37205

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

100 - Corporate Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
		City Council				
		City Council Committees - 15				
31		Committee on Historical Landmark Preservation				
	2050.000	For Personal Services		60,000		66,000
	.100	For Contractual Services		2,500		
	.200	For Travel		500		
	.300	For Commodities and Materials		1,000		
	.400	For Contingencies		2,000		

CORRECTIONS AND REVISIONS OF 1987 BUDGET RECOMMENDATIONS

310 - Motor Fuel Tax Fund

Page _____

Page	Code	Department and Item	Strike		Insert	
			No.	Amount	No.	Amount
317		STRIKE: For general operating expenses of the Committee on Finance in administering, investigating, programming, and other functions necessary in conjunction with the repair and maintenance of streets and highways (\$185,000), to be expended only upon the approval of a spending plan to be approved by the members of the Committee on Finance.				
		INSERT: For general operating expenses of the Committee on Finance in administering, investigating, programming, and other functions necessary in conjunction with the repair and maintenance of streets and highways (\$185,000),				

SECTION 2. This Ordinance shall be in full force and effect from and after its adoption, approved by the Mayor and Publication.

Respectfully submitted.

(Signed)

Chairman

ISSUANCE OF \$250,000,000 IN CITY OF CHICAGO
1987 GENERAL OBLIGATION TENDER
NOTES AUTHORIZED.

On motion of Alderman Evans, the City Council took up for consideration the report of the Committee on Finance deferred and published in the Journal of Proceedings of November 13, 1986, pages 36718 -- 36825, recommending that the City Council pass a proposed ordinance authorizing the issuance of \$250,000,000 in City of Chicago 1987 General Obligation Tender Notes.

Alderman Santiago introduced the following amendment to the said proposed ordinance.

"I hereby move to amend the ordinance authorizing the issuance of General Obligation Tender Notes, Series 1987 A, B and C by adding the following italic language as follows:

Section 28. Proceeds of the Notes. The proceeds from the sale of the Notes shall be used as follows:

(a) From the proceeds of the Series 1987A Notes a sum sufficient shall be used to finance the current cash requirements of the City; provided, however, that \$50,000,000 of the proceeds shall be available immediately to meet current cash requirements and amounts in excess of \$50,000,000 shall be available for such purposes only upon the approval of the City Council.

(b) The proceeds of the Series 1987B Notes shall be deposited in the Corporate Fund, Chicago Public Library (Maintenance and Operation) Fund, City Relief (General Assistance) Fund, Judgment Fund and Chicago Public Library (Building and Sites) Fund as designated by the Comptroller in his notification of sale to the City Council described in Section 86 hereof, and shall be used for the purpose of paying amounts appropriated for such respective funds for the year 1987.

(c) The proceeds from the sale of the Series 1987C Notes shall be deposited in the appropriate funds of the City and used for the purpose of acquiring capital equipment as provided for in subclause (iii) of clause (b) of Section 3 hereof.

The purchasing agent shall establish a goal of awarding not less than seventeen percent (17%) of the total dollar value of the General Obligation Tender Notes, Series 1987 A, B, and C contracts funded by the proceeds of this bond issue to qualified Hispanic-owned businesses, regardless of race.

In order to achieve the goal stated in this Section, the Purchasing Agent of the City of Chicago shall undertake the following:

(a) Insert within specifications for each contract for construction of any building, bridge, roadway or other structure a requirement that a bidder commit to the expenditure of seventeen percent (17%) of the dollar value of the contract (including any modifications) with one or more Hispanic-owned businesses. This commitment may be met by the bidder's status as a Hispanic-owned business or by joint venture with one or more Hispanic-owned

businesses, or by subcontracting a portion of the work to one or more Hispanic-owned businesses, or by purchase of materials for the work from one or more Hispanic-owned businesses or by any combination of the foregoing.

(b) Insert within specifications for all other contracts awarded by competitive bidding requirement that a bidder commit to expenditure of seventeen percent (17%) of the dollar value of the contract (including any modifications thereof) with one or more Hispanic-owned businesses. This commitment may be met by the bidder's status as a Hispanic-owned businesses or by joint venture with one or more qualified Hispanic-owned businesses as prime contractor, or by subcontracting of a portion of the work to one or more Hispanic-owned businesses or by purchase of materials from one or more Hispanic-owned businesses or by any combination of the foregoing.

(c) Negotiate with any contractor whose contract is not awarded by competitive bidding a commitment to Hispanic-owned businesses participation of at least seventeen percent 17% of the dollar value of the contract (including any modifications).

The provisions of Executive Order 85-2, Section 3(e) are expressly incorporated herein to enable the Purchasing Agent to monitor and enforce the goal stated in this Section.

If, in the course of preparing specifications for a contract, the Purchasing Agent determines that it is impossible to obtain qualified Hispanic-owned businesses to perform sufficient work to fulfill the commitment stated in this Section or that it is impossible to obtain qualified Hispanic-owned businesses to perform any of the work or supply any product or service required under the contract, the Purchasing Agent may reduce or waive the commitment to Hispanic-owned participation in the contract, as may be appropriate.

Alderman Evans moved to refer the foregoing amendment to the Committee on Finance. The motion *Prevailed* by yeas and nays as follows:

Yeas -- Aldermen Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Volini, Orr -- 25.

Nays -- Aldermen Roti, Huels, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach -- 20.

Thereupon, on motion of Alderman Evans, the said proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Majerczyk, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Hansen, Volini, Orr -- 28.

Nays -- Aldermen Huels, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, McLaughlin, Orbach, Schulter -- 18.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, The City of Chicago (the "City") is a body politic and corporate under the laws of the State of Illinois and a home rule unit under Article VII of the Illinois Constitution of 1970; and

WHEREAS, The City has determined that it is desirable and in the public interest of the City to issue notes of the City for the following purposes: (i) to finance current cash requirements of the City; (ii) to provide funds to pay amounts appropriated for specific purposes by the City for the year 1987; and (iii) to finance the acquisition of necessary equipment for the City; and

WHEREAS, It is necessary for the City to issue its notes for the purposes hereinafter provided, such borrowing being for a proper public purpose and in the public interest, and the City by virtue of its Constitutional home rule powers and all laws applicable thereto, has the power to issue such notes; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Finding. The City Council, after a public hearing heretofore held on this ordinance by the Committee on Finance of the City Council, pursuant to proper notice having been given thereof, and in accordance with the findings and recommendations of such Committee, hereby finds that all of the recitals contained in the preambles to this ordinance are full, true and correct and does incorporate them into this Ordinance by this reference.

SECTION 2. Definitions. The terms defined in this Section shall, for all purposes of this Ordinance, have the meanings herein specified, unless the context clearly requires otherwise:

"Alternate Letter of Credit" shall mean an irrevocable letter, or letters, of credit delivered in accordance with Section 16(c) hereof. Any Alternate Letter of Credit shall be an irrevocable letter of credit, other than the Letter of Credit issued by the Bank and delivered to the Paying Agent concurrently with the original issuance of the Notes, issued by a commercial bank, the terms of which shall in all material respects be the same as the Letter of Credit, except as to identity of the Bank. On or prior to the date of the delivery of an Alternate Letter of Credit to the Paying Agent, the City shall have obtained (i) written evidence from Moody's, if the Notes are rated by Moody's, and S. & P., if the Notes are rated by S. & P., in each case to the effect that such rating agency has reviewed the proposed Alternate Letter of Credit and that the substitution of the proposed Alternate Letter of Credit for the Letter of Credit will not, by itself, result in a reduction or withdrawal of its ratings on the Notes from those which then prevail, and (ii) an opinion of counsel to the issuer of the Alternate Letter of Credit to the effect that the Alternate Letter of Credit is a valid and binding obligation of such Bank. The Paying Agent may conclusively rely upon a certificate of the Comptroller that the Alternate Letter of Credit is in conformity with the requirements of this Ordinance.

"Bank" shall mean such banking corporation or association as shall be designated by the Comptroller pursuant to Section 71 hereof, in its capacity as issuer of the Letter of Credit, its successors in such capacity and its assigns and, if an Alternate Letter of Credit has been issued in accordance with Section 16(c) hereof, "Bank" shall mean the issuer, or issuers, of such Letter or Alternate Letter or Letters, of Credit in its capacity issuing such Letter of Credit or Alternate Letter of Credit, its, or their, successors in such capacity and their assigns. "Principal Office" of the Bank shall mean the principal office from time to time of the Bank.

"Bond Counsel" shall mean the firm of nationally recognized bond counsel designated by the duly designated Corporation Counsel of the City.

"Business Day" shall mean any day of the year on which banks located in the city, or cities, respectively, in which are located the Principal Offices of the Trustee, the Paying Agent, the Remarketing Agent and the Bank are not required or authorized to remain closed and on which The New York Stock Exchange, Inc. is not closed.

"City" shall mean the City of Chicago, Illinois.

"City Council" means the governing body of the City as from time to time constituted.

"Commercial Paper Rate" means the interest rate on the Notes set under Section 3(c)(3).

"Commercial Paper Rate Period" means with respect to any Note, the period (which may be from 1 day to 180 days) determined as provided in Section 3(c)(3).

"Comptroller" shall mean the duly designated Comptroller, any Deputy Comptroller of the City and any person at the time designated to act on behalf of the Comptroller by written certificate furnished by the duly designated Comptroller to the Trustee, the Paying Agent, the Remarketing Agent and the Bank and filed with the City Clerk of the City. Such certificate may designate one or more alternates.

"Custody Account" means that account established on behalf of the Bank with an agent designated in the Reimbursement Agreement, and initially shall mean that account established by Irving Trust Company on behalf of the Bank.

"Daily Rate" means an interest rate on the Notes set under Section 3(c)(1).

"Determination Date" is defined in Section 3(c)(4).

"Event of Default" shall mean any of the events stated in Section 32 hereof.

"Fixed Rate" means an interest rate on the Notes set under Section 3(c)(4).

"Fixed Rate Period" is defined in Section 3(c)(4).

"Interest Payment Date" is defined in the Notes.

"Interest Period" is defined in the Notes.

"Interest Rate" means the rate on the Notes established pursuant to Section 3(c) hereof.

"Letter of Credit" shall mean the irrevocable letter, or letters of credit issued by the Bank contemporaneously with the original issuance of the Notes or any Series of Notes, except that upon the issuance and delivery of an Alternate Letter of Credit in accordance with Section 16(c) hereof, "Letter of Credit" shall mean such Alternate Letter of Credit. Each Series of Notes may be secured by a different Letter of Credit issued by the Bank or by a Letter of Credit issued by a different Bank, all as designated by the City pursuant to the terms of this Ordinance. Any reference to Letter of Credit herein shall be deemed to refer to the Letter of Credit related to such Series of Notes, unless the context shall clearly indicate otherwise. The Paying Agent may conclusively rely upon a certificate of the Comptroller that the Letter of Credit is in conformity with the requirements of this Ordinance.

"Letter of Credit Note" shall mean a note issued pursuant to a Reimbursement Agreement.

"Monthly Rate Evaluation Date" means the fifth day of each month while the Notes of any Series bear interest at a Short Term Rate unless such day is not a Business Day, in which case the Monthly Evaluation Date shall be the following Business Day.

"Moody's" shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City in its place by notice to the Trustee, Paying Agent and Remarketing Agent.

"Notes" means the notes issued pursuant to this Ordinance.

"Note Fund" shall mean the fund created by Section 13 hereof.

"Noteholder" shall mean the person in whose name any Note is registered. the Trustee, the Paying Agent, the Remarketing Agent and the Bank may be Noteholders.

"Notice by Mail" or "Notice" of any action or condition "by Mail" shall mean a written notice meeting the requirements of this Ordinance mailed by first class mail to the Noteholders, at the addresses shown in the registration books maintained pursuant to Section 8 hereof.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel.

"Ordinance" shall mean this Note Ordinance of the City.

"Outstanding", when used in reference to the Notes, shall mean, as at any particular date, the aggregate of all Notes authenticated and delivered under this Ordinance except:

(a) those cancelled at or prior to such date or delivered to or acquired by the Trustee or the Registrar at or prior to such date for cancellation;

(b) those matured or redeemed Notes which have not been presented for payment in accordance with the provisions of this Ordinance; and

(c) those in lieu of or in exchange or substitution for which other Notes shall have been authenticated and delivered pursuant to this Ordinance.

"Paying Agent" shall mean the paying agent designated by the Comptroller at the time of the initial sale of the Notes, or any other successor paying agent appointed in accordance with Section 62 hereof. If the Trustee is the Paying Agent, "Principal Office" of the Paying Agent shall mean the principal corporate trust office of the Trustee. If the Trustee is not the Paying Agent, then "Principal Office" shall mean the address given by the Paying Agent in writing to the City, the Trustee, the Bank and the Remarketing Agent.

"Rating Agency" means Moody's or S. & P.

"Record Date" is defined in the Notes.

"Registrar" shall mean the Paying Agent acting in the capacity of registrar under this Ordinance, its successors and their assigns.

"Reimbursement Agreement" shall mean the agreement or agreements between the City and the Bank, pursuant to which the related Letter of Credit is issued by the Bank and delivered to the Paying Agent, and initially shall mean the Reimbursement Agreement entered into pursuant to Section 71 of this Ordinance and any and all modifications, alterations, amendments and supplements thereto. Any reference to Reimbursement Agreement herein shall be deemed to refer to the Reimbursement Agreement related to such Series of Notes, unless the context shall clearly indicate otherwise.

"Remarketing Agent" shall mean the Remarketing Agent designated by the City with respect to the Notes, and initially shall mean the Remarketing Agent appointed in accordance with Section 70 hereof.

"Remarketing Agreement" means the agreement or agreements between the City and the Remarketing Agent entered into pursuant to Section 70 of this Ordinance, and any and all modifications, alterations, amendments and supplements thereto. Any reference to Remarketing Agreement herein shall be deemed to refer to the Remarketing Agreement related to such Series of Notes, unless the context shall clearly indicate otherwise.

"Series 1987B Notes" shall have the meaning assigned to such term in clause (ii) of paragraph (b) of Section 3 hereof.

"Short Term Rate" means a Daily, Weekly or Commercial Paper Rate.

"State" means the State of Illinois.

"Service Fund" means the fund created pursuant to Section 19 hereof, and held and administered by the Paying Agent.

"S. & P." shall mean Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S. & P." shall be deemed to refer to any other nationally recognized securities rating agency designated by the City in its place by notice to the Trustee, Paying Agent and Remarketing Agent.

"Supplemental Ordinance" shall mean any ordinance of the City modifying, altering, amending, supplementing or confirming this Ordinance for any purpose, in accordance with the terms hereof.

"Treasurer" shall mean the duly elected Treasurer of the City.

"Trustee" shall mean Continental Illinois National Bank and Trust Company of Chicago, as Trustee under this Ordinance, its successors in trust and their assigns. "Principal Office" of the Trustee shall mean the principal corporate trust office of the Trustee, which office at the date of this Ordinance is located at 30 North LaSalle Street, Chicago, Illinois 60697.

"Underwriters" shall mean the purchasers of the Notes from time to time entering into contracts of purchase with the City as described in Section 86 hereof.

"Weekly Rate" means an interest rate on the Notes set under Section 3(c)(2).

This Ordinance, except where the context by clear implication shall otherwise require, shall be construed and applied as follows:

(a) Definitions include both singular and plural.

(b) Pronouns include both singular and plural and cover all genders.

(c) Any percentage of Notes, for the purposes of this Ordinance, shall be computed on the basis of the Notes Outstanding at the time the computation is made or is required to be made hereunder.

(d) Headings of sections herein are solely for the convenience of reference and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

SECTION 3. Creation of Notes.

(a) For the purpose of providing moneys for the purposes provided in the preambles hereof, it is hereby declared necessary that the City authorize and issue, and the City hereby authorizes and directs the issuance of, an issue of Notes, entitled to the benefit, protection and security of this Ordinance in an aggregate principal amount determined as provided hereunder, payable as to principal and interest from the sources indicated hereinafter. The Notes shall be designated by the title "City of Chicago General Obligation

Tender Notes, Series 1987" (the "Notes"). The Notes shall be dated as provided in Clause (k) of this Section 3.

(b) The Notes shall be issued in various series (each a "Series") as below designated, and in the amounts, maturing, subject to prior redemption upon the terms and conditions as hereinafter set forth, and be for the purposes as follows:

(i) Series 1987A (the "Series 1987A Notes"), in the principal amount at any one time outstanding of not to exceed \$100,000,000, maturing on December 31, 1987, for the purpose of financing the current cash flow requirements of the City;

(ii) Series 1987B (the "Series 1987B Notes"), maturing on October 31, 1988, for the purpose of providing funds to pay amounts appropriated for Corporate Fund, Chicago Public Library (Maintenance and Operation) Fund, City Relief (General Assistance) Fund, Judgment Fund and Chicago Public Library (Building and Sites) Fund purposes for the year 1987, which Series 1987B Notes shall be secured as provided in Section 22 hereof, as determined by the Comptroller at the time of the initial sale of any Series 1987B Notes, and which Series 1987B Notes, if secured as provided in Section 22(a) hereof, shall be issued in principal amounts not to exceed, with respect to any specific purpose, 90% of the taxes levied for such purpose for the year 1987 and which Series 1987B Notes, if secured as provided in Section 22(b) hereof, shall be issued in principal amounts not to exceed in the aggregate 100% of the taxes levied for all such purposes for the year 1987; and

(iii) Series 1987C (the "Series 1987C Notes"), in the principal amount of \$30,000,000, maturing on October 31, 1991, for the purpose of acquiring certain capital equipment more fully described in Exhibit B attached hereto and made a part hereof by this reference.

Solely to permit the various Notes of any Series issued hereunder to have varying interest rate determination methods, any Series 1987 Notes issued hereunder may be issued and sold as provided in Section 86 hereof as one or more sub-series, each of which shall be (A) in the principal amount of not less than \$20,000,000, (B) deemed to be a "Series" under this Ordinance only for establishing and maintaining an interest rate determination method for such Notes, and (C) identified by a number following the Series designation from 1 upward (i.e. Series 1987__-1, etc.).

(c) Interest Rate Determination Methods.

(1) Daily Rate. When interest on any Series of the Notes is payable at a Daily Rate, the Comptroller will set a Daily Rate on each Business Day. Each Daily Rate will be the minimum rate necessary (as determined by the Comptroller) for the Remarketing Agent to sell the Notes of such Series on the day the rate is set at 100% of their principal amount plus accrued interest. The Daily Rate for any non-Business Day will be the rate for the last day on which a rate was set or, upon the commencement of a period during which the Notes of such Series bear interest at a Daily Rate, the rate established on the first Business Day after the date of such commencement.

If for any reason the Comptroller does not set a Daily Rate on any Business Day or a court holds that the rate set for any day is invalid or unenforceable, the Daily Rate for that day will be the average of 30-day yield evaluations at par of securities, the interest on which is exempt from Federal income taxation, of issuers of commercial paper rated by a Rating Agency in its highest commercial paper rating category. Initially, that rate will be the earliest rate published each day by Munifacts Wire Systems, Inc. The City, acting through its Comptroller, may designate a replacement publisher to the Trustee and the Remarketing Agent. If Munifacts Wire System, Inc. or such replacement publisher does not publish such a commercial paper rate on a day on which a Daily Rate is to be set, the Remarketing Agent will set the Daily Rate at 50% of the interest rate for 30-day taxable commercial paper (prime paper placed through dealers) announced on such day by the Federal Reserve Bank of New York, converted to a coupon-equivalent rate.

(2) Weekly Rate. The Comptroller will set a Weekly Rate on the last Business Day before the commencement of a period during which any Series of the Notes bear interest at a Weekly Rate and each Tuesday thereafter during which interest on the Notes of such Series is to be payable at a Weekly Rate or, if any Tuesday is not a Business Day, on the next succeeding Business Day. Each Weekly Rate will be the minimum rate necessary (as determined by the Comptroller) for the Remarketing Agent to sell the Notes of such Series on the date the rate is set at 100% of their principal amount plus accrued interest.

If for any reason the Comptroller does not set a Weekly Rate or a court holds that any rate set is invalid or unenforceable, the Weekly Rate for that period will be the average of 30-day yield evaluations at par of securities (whether or not actually issued), the interest on which is exempt from Federal income taxation, of at least 20 component issuers selected by the Remarketing Agent, including issuers of commercial paper, project notes, bond anticipation notes and tax anticipation notes, computed by the Remarketing Agent as of the day on which the Comptroller was to have set the Weekly Rate. When the Notes are rated by a Rating Agency in either of its two highest long-term debt rating categories, each component issuer must (a) have outstanding securities rated by a Rating Agency in its highest note or commercial paper rating category, or (b) not have outstanding notes or commercial paper rated by a Rating Agency but have outstanding securities rated by a Rating Agency in either of its two highest long-term debt rating categories. If the notes are rated by both Rating Agencies in a rating category that is lower than its two highest long-term debt rating categories, each component issuer must (a) have outstanding securities rated by one Rating Agency in its note or commercial paper rating category correlative, in the Remarketing Agent's judgment, to the long-term debt rating category of the Notes or (b) have outstanding securities rated by one Rating Agency in the same long-term debt rating category as the Notes are rated by that Rating Agency and not have any outstanding notes or commercial paper rated by such Rating Agency. The Remarketing Agent may change the component issuers from time to time in its discretion, subject to the foregoing requirements. If the Notes are not rated by a Rating Agency or the Remarketing Agent does not compute the average mentioned above, the Remarketing Agent will set the weekly rate at 55% of the interest rate for 30-day taxable commercial paper (prime paper placed through dealers) announced by the Federal Reserve Bank of New York on the day on which the Comptroller was to have set the Weekly Rate. Upon delivery to the Trustee of an Opinion of Bond Counsel that such action will not adversely affect the exemption of interest on the Notes of such Series from Federal income taxation, the City, acting through

its Comptroller, may designate a new method of setting the Weekly Rate in the event any of the above-described methods is unavailable or unrealistic in the market place.

(3) Commercial Paper Rate.

(i) Determination of Commercial Paper Rate. The Commercial Paper Rate for each Note of a Series bearing interest at a Commercial Paper Rate will be determined by the Comptroller on the first Business Day of each Commercial Paper Rate Period applicable to such Note. Each Commercial Paper Rate will be the minimum rate necessary (as determined by the Comptroller) for the Remarketing Agent to sell such Note on such date at its principal amount.

If for any reason the Comptroller does not set a Commercial Paper Rate for any Commercial Paper Rate Period or a court holds that the rate set for such Commercial Paper Rate Period is invalid or unenforceable, the Commercial Paper Rate for such Note for such Period will be the earliest 30-day, 60-day or 90-day tax-exempt commercial paper rate published each day by Munifacts Wire System, Inc. (or its replacement as provided in Section 3(c)(1)), and representing, as of the date of determination, the average of 30-day (if such Commercial Paper Rate Period is from one to 30 days in length), 60-day (if such Commercial Paper Rate Period is from 31 to 60 days in length) or 90-day (if such Commercial Paper Rate Period is from 61 to 180 days in length), as the case may be, yield evaluations at par of securities, the interest on which is exempt from Federal income taxation, of issuers of commercial paper rated by a Rating Agency in its highest commercial paper rating category. If Munifacts Wire System, Inc. (or its replacement) does not publish a 30-day, 60-day or 90-day tax-exempt commercial paper rate, as the case may be, on the day on which a Commercial Paper Rate is to be set, the Commercial Paper Rate of such Note for such period shall be the applicable percentage of the interest rate (the "Commercial Paper Base Rate") for 30-day, 60-day or 90-day, as the case may be, taxable commercial paper (prime paper placed through dealers) announced by the Federal Reserve Bank of New York on the first Business Day of such Commercial Paper Rate Period as determined on the basis of the table set forth below.

Term of Next Succeeding Commercial Paper Rate Period	Applicable Percentage of Commercial Paper Base Rate
1-30 days	50%
31-60 days	52%
61-180 days	54%

(ii) Determination of Commercial Paper Rate Periods by Comptroller. While the Notes of any Series bear interest at the Commercial Paper Rate, the length of each Commercial Paper Rate Period (which may be from one to 180 days) for each Note of such Series shall, if the Comptroller's direction pursuant to Section 3(d)(1) so requires, be determined by the Comptroller based upon the Comptroller's judgment that such length will be beneficial to the market for, or the relative yield of, such Note based upon the factors set forth in Section 3(d)(2).

(iii) Determination of Commercial Paper Rate Periods by Remarketing Agent. While the Notes of any Series bear interest at a Commercial Paper Rate as a result of the City's

direction pursuant to Section 3(d)(1) the Commercial Paper Rate Period for each Note shall be determined by the Remarketing Agent pursuant to Section 3(d)(1) unless the Comptroller's direction requires the Comptroller to make such determinations, in which event the Comptroller shall make such determination as described in the preceding paragraph.

(iv) Limitations. Notwithstanding the foregoing:

(1) no Commercial Paper Rate Period shall be established for any Series of Notes unless the Letter of Credit securing such Notes terminates no earlier than twenty (20) days after the last day of such Commercial Paper Rate Period;

(2) if the Remarketing Agent or the Comptroller have previously determined that the Notes of any Series are to bear interest at a rate other than the Commercial Paper Rate effective as of a future date, no new Commercial Paper Rate Period shall be established for such Series unless the last day of such Commercial Paper Rate Period occurs on or before the effective date of the change to such other rate; and

(3) if neither the Comptroller nor the Remarketing Agent sets the length of a Commercial Paper Rate Period for any Note of any Series when it is required to do so, a new Commercial Paper Rate Period lasting 30 days (or until the earlier stated maturity of the Notes of such Series) will follow.

(4) Fixed Rate. The Comptroller will set a Fixed Rate for any Series of Notes on date (the "Determination Date") no fewer than 7 nor more than 15 Business Days before the beginning of the period (the "Fixed Rate Period") in which interest on the Notes of any Series will be payable at a Fixed Rate to the maturity of such Series of Notes. The Fixed Rate for any Series will be the minimum rate necessary (as determined by the Comptroller) for the Remarketing Agent to sell the Notes of such Series on the Determination Date at their principal amount plus accrued interest.

If for any reason the Comptroller does not set a Fixed Rate for a Fixed Rate Period or a court holds that the rate set for a Fixed Rate Period is invalid or unenforceable, the rate for the Fixed Rate Period will be determined by the Remarketing Agent and will be the yield shown for "Municipal Bonds (New Issue Scales: Prime Grade GO)" having the same number of years to maturity as the number of 12-month periods in the Fixed Rate Period, as published in the last issue before the Determination Date of the Salomon Brothers, Inc. *Bond Market Roundup*. If that issue does not publish a yield for bonds having such number of years to maturity, the Fixed Rate will be determined by linear interpolation between the yields shown in that issue for bonds having the next shorter and next longer number of years to maturity. If the Fixed Rate Period is six months, the Fixed Rate shall be equal to the yield shown for "Short Term Rates (6 Month: Mig 1 Notes)", in that *Bond Market Roundup*; if the Fixed Rate Period is longer than six months but less than one year, the Fixed Rate will be determined by linear interpolation between that yield and the yield shown for the next longer maturity under "Municipal Bonds (New Issue Scales: Prime-Grade GO)". If the yields required to determine the Fixed Rate have not been published in the 30 days before the Determination Date, the Remarketing Agent will determine the Fixed Rate as of a date within 30 days before the Determination Date by likewise using or

interpolating from its index for prime municipal obligations of the same maturity as the length of the Fixed Rate Period.

(5) The Interest Rate Determination Method for each Series of the Notes upon the initial delivery thereof shall be determined by the Comptroller based upon the Comptroller's judgment that such Method will be beneficial to the market for, or the relative yield of, each Series of Notes based upon the factors set forth in Section 3(d)(2).

If any Series of the Notes is initially delivered bearing interest at a Commercial Paper Rate, the initial Commercial Paper Rate shall be of equal duration for all Notes of any such Series, and from and after the end of the initial Commercial Paper Rate Period such Series of Notes shall bear interest at a Daily Rate unless another Interest Rate Determination Method is designated pursuant to Sections 3(d)(1) or 3(d)(2) for such Series of Notes.

(d) Change in Interest Rate Determination Method.

(1) Change Directed by the City. The City may, acting through the Comptroller, change the method of determining the interest rate on the Notes of any Series by notifying the Paying Agent, Bank and Remarketing Agent at least 20 days prior to the proposed effective date of such change. Such notice shall contain (a) the effective date, (b) the proposed interest rate determination method, (c) if the change is to a Short Term Rate, the first Monthly Rate Evaluation Date, if any, upon which the determinations required pursuant to paragraph (2) below are to be made and whether or not such determinations are to be made by the Remarketing Agent, (d) if the change is to a Commercial Paper Rate, whether the length of the Commercial Paper Rate Periods will be set by the Comptroller or the Remarketing Agent and (e) if the change is to a Fixed Rate, the Determination Date. The notice must be accompanied by an Opinion of Bond Counsel stating that the change is not prohibited by the laws of the State or this Ordinance and will not adversely affect the exemption of interest on the Notes from Federal income taxation. If the Comptroller's notice complies with this paragraph, the interest rate on the Notes of such Series will be payable at the new rate on the effective date specified in the notice until there is another change as provided in this Section.

The Comptroller, upon delivering the opinions of counsel referred to in the preceding paragraph, may (a) make the determinations on each Monthly Rate Evaluation Date pursuant to paragraph (2) below or to cease to make such determinations for a specific or an indefinite period of time, (b) while the Notes of any Series bear interest at a Commercial Paper Rate, require the Remarketing Agent to set the length of each Commercial Paper Rate Period pursuant to Section 3(c)(3)(iii) or to cease to do so for a specific or an indefinite period of time or (c) override a determination made by the Remarketing Agent pursuant to paragraph (2) below provided that notice of redemption pursuant to Section 3(e) has not yet been given.

(2) Change Directed by the Remarketing Agent. Unless directed not to do so pursuant to the paragraph (1) above, the Remarketing Agent shall consider on each Monthly Rate Evaluation Date whether the method of determining the interest rate on any Series of the Notes should be changed to a different method of Short Term Rate because in the Remarketing Agent's judgment, conversion to a different Short Term Rate will be beneficial to the market for, or the relative yield of, such Series of Notes. If a change is to

be made, the Remarketing Agent will promptly so notify the Paying Agent, the City and the Bank and will specify the effective date of the change. For purposes of this paragraph (2), the Remarketing Agent's determination that a different Short Term Rate will be "beneficial to the market for, or relative yield of, such Series of Notes" shall be based upon (a) the performance of such Series of Notes, measured by market supply and demand and yield, relative to other securities which bear interest at the current rate or the other Short Term Rates or which, in the judgment of the Remarketing Agent, are otherwise comparable to such Series of Notes, or (b) any fact or circumstance relating to such Series of Notes or affecting the market for such Series of Notes or affecting such other comparable securities in a manner which, in the judgment of the Remarketing Agent will affect the market for such Series of Notes, which in any event leads the Remarketing Agent to conclude that such Series of Notes should bear interest at the Short Term Rate specified in such notice. As used in this paragraph (2), "beneficial" means beneficial to the City. The Remarketing Agent may use or not use any inputs and resources it deems appropriate, which may but need not include conversations with the City, and will make its decision based solely upon its judgment. On the effective date specified in such notice, unless a different determination shall have been made by the Remarketing Agent on an intervening Monthly Rate Evaluation Date or by the City pursuant to the paragraph (1) above, the Notes of such Series shall bear interest at the Short Term Rate specified in such notice. The notice must be accompanied by an Opinion of Bond Counsel stating that the change will not adversely affect the exemption of interest on the Notes from Federal income taxation.

The Remarketing Agent will not have any obligation, responsibility or liability of any kind to the Noteholders, the City, the Bank or to any other person with respect to any determination that the Notes of any Series will or will not bear interest at the current or any other Short Term Rate or the Fixed Rate, including but not limited to any omission by the Remarketing Agent to consider any facts or circumstances or any resources or inputs, it being the intent of this Ordinance that the Remarketing Agent may, in its unrestricted judgment, choose to consider no inputs or resources other than its own expertise.

(3) Limitations. Any change in the method of determining interest on the Notes of any Series pursuant to either paragraph (1) or paragraph (2) above must comply with the following:

(i) if a Commercial Paper Rate is then in effect, the effective date of any change must be the day following the last day of the Commercial Paper Rate Period of all Notes of such Series;

(ii) the effective date of all changes must be the first day of a month; and

(iii) no change shall be made in the interest rate determination method at the direction of the City pursuant to Section 3(d)(1) or at the direction of the Remarketing Agent pursuant to 3(d)(2) hereof if the Paying Agent shall receive written notice prior to such change that the Opinion of Bond Counsel required under Section 3(d)(1) or Section 3(d)(2), as the case may be, has been withdrawn. If the Paying Agent shall have sent any notice to the Noteholders regarding a change in rate under Section 3(e) then in the event

of such withdrawal of opinion, the Paying Agent shall promptly notify all Noteholders of such withdrawal.

(e) Notice to Noteholders of Change in Interest Rate Determination Method. When a change in the interest rate determination method is to be made as to any Series of Notes, the Paying Agent will notify the Noteholders of such Series by first class mail at least 15 but not more than 60 days before the effective date of the change. The notice will be accompanied by the Opinion of Bond Counsel required by Section 3(d)(1) or Section 3(d)(2), as the case may be. The notice will state:

(1) that the interest rate determination method will be changed and what the new method will be,

(2) the effective date of the new rate,

(3) a description of the new method and the maximum interest rate, that the Remarketing Agent will provide each new rate (and Commercial Paper Rate Period when applicable) upon request and describing how to make such request,

(4) the Interest Payment Dates and Record Dates in the new period,

(5) whether the Noteholders of such Series have a right to tender their Notes during the new period and, if they do, the procedures to follow, and

(6) that a mandatory redemption of the Notes of such Series will result on the effective date of the change as provided in the Notes, all the information required by this Ordinance to be included in a notice of redemption set forth in Section 11, that the owner may waive such redemption and the manner of waiving such redemption.

In addition, if the change is to a Fixed Rate, the notice will state

(1) the Determination Date,

(2) the name of the newspaper in which, and the date on which, the Fixed Rate will be published as provided below,

(3) the end of the Fixed Rate Period, which shall be the maturity date of the Notes of such Series,

(4) any ratings assigned the Notes of such Series by the Rating Agencies effective on the change,

(5) that during the Fixed Rate Period there will be no right to tender the Notes,

(6) the redemption provisions to which the Notes are subject during the Fixed Rate Period, and

(7) that during the Fixed Rate Period Notes may be issued in denominations of \$5,000 or integral multiples of \$5,000.

If the change is to a Fixed Rate, at least 5 Business Days before its effective date the Paying Agent will publish notice of the new rate in a financial newspaper customarily published each business day and generally circulated in the Borough of Manhattan in New York, New York.

In addition, if the change is to a Commercial Paper Rate, the notice will state

(1) during the Commercial Paper Rate Period there will be no right to tender the Notes of such Series,

(2) that on the last day of each Commercial Paper Rate Period the Notes of such Series will be redeemed unless the owner waives such redemption and setting forth the manner of waiving such redemption, and

(3) that no notice of any such redemption will be given to the Noteholder.

(f) Calculation of Interest. The Paying Agent will compute the amount of interest payable on the Notes from the rates supplied to the Paying Agent by the person setting them. The Remarketing Agent will notify the Paying Agent in writing or by telephone promptly confirmed by tested telex by 12:00 Noon, New York City time,

(1) on the first Business Day after a month in which interest on the Notes is payable at a Daily Rate, of the Daily Rate for each day in such month,

(2) on the last Tuesday in each month (or if such Tuesday is not a Business Day, on the next Business Day) in which a Weekly Rate was set in such month, of the Weekly Rate for each day in such month,

(3) on the first Business Day of each Commercial Paper Rate Period, of the length thereof and the Commercial Paper Rate, and

(4) on the first Business Day after a Determination Date, of the Fixed Rate set on that Determination Date.

Using the rates supplied by this notice, the Paying Agent will calculate the interest payable on the Notes. The Remarketing Agent will inform the Paying Agent, Comptroller and Bank orally at the oral request of any of them of any interest rate set by the Comptroller or the Remarketing Agent. The Comptroller will inform the Remarketing Agent of any interest rate set by the Comptroller. The Paying Agent will confirm the effective interest rate by telephone or in writing to any Noteholder who requests it in any manner.

The setting of the rates and the calculation of interest payable on the Notes as provided in this Ordinance will be conclusive and binding on all parties.

(g) The Notes and the certificate of authentication to be executed on the Notes by the Registrar are to be in substantially the form thereof set forth in Exhibit A hereto, with necessary or appropriate variations, omissions and insertions as permitted or required by

this Ordinance and provided, further, that in the issuance of any new Note resulting from a tender of a Note, or a portion thereof, which tendered Note has been previously called for redemption, in the preparation of such new Note the Registrar shall insert the redemption date rather than the stated maturity date for such Note.

(h) The Notes shall be subject to redemption at par and accrued interest, if any, prior to the maturity thereof, as follows:

(i) Each Series of Notes bearing interest at a Daily Rate or a Weekly Rate shall be subject to optional redemption by the City on the first day of each month, as a whole and pursuant to the procedures in Section 11 hereof.

(ii) Any Series of the Notes bearing interest at a Fixed Rate shall not be subject to optional redemption by the City.

(iii) All Notes (or if different Letters of Credit are issued in respect of separate Series of Notes, then all Notes of such Series) shall be subject to mandatory redemption by the City at the principal amounts thereof and accrued interest to the date of redemption in the event that the City, the Trustee, the Paying Agent and the Remarketing Agent receive notice from the Bank that the Letter of Credit in respect of such Notes will not be reinstated in accordance with the provisions of the Reimbursement Agreement and the Letter of Credit, or if such parties receive notice from the Bank that an event of default has occurred under the Reimbursement Agreement. If either of such events occur the Notes shall be called for mandatory redemption in accordance with the provisions of clause (b) of Section 11 hereof.

(iv) The Notes are subject to redemption pursuant to the paragraphs in the Notes captioned, "Mandatory Redemption at Beginning of Fixed Rate Period", "Mandatory Redemption on Each Interest Payment Date During Commercial Paper Period" or "Mandatory Redemption Upon a Change in the Method of Determining the Interest Rate on the Notes".

(v) The Series 1987C Notes shall be subject to mandatory redemption by the City, in part by lot, pursuant to the procedures in Section 11 hereof, in the amount of \$2,500,000 on October 31 of each of the years 1989 and 1990.

In the event of the purchase by the City of less than all of the Series 1987C Notes for cancellation as provided in clause (j) of this Section 3, the principal amount of such Series 1987C Notes to be paid at maturity in 1991 or required to be mandatorily redeemed shall be reduced in the inverse order of such payment at maturity or mandatory redemption, as the case may be.

(i) Any Noteholder of a Note bearing interest at a Daily Rate or at a Weekly Rate has the right, subject to the provisions of the second succeeding paragraph, to tender a Note, or a portion thereof, provided that such portion is \$100,000 or any multiple thereof, for payment and to receive payment therefor, all as provided in the form of the Notes.

The Paying Agent shall deposit in the Custody Account any Notes tendered and not remarketed by the Remarketing Agent and the Registrar shall register any such Notes in

the name of the Bank in the books of the Registrar kept pursuant to Section 8 hereof. Such Notes shall not be remarketed unless the Paying Agent shall have received an Opinion of Bond Counsel stating that such remarketing will not adversely affect the exemption of interest on such Notes from federal income taxation.

If any Event of Default, as defined in Section 32 hereof, has occurred and is continuing, and the Trustee has notified the Paying Agent that it has given Notice by Mail to the Noteholders of a declaration that all the Notes are due and payable as provided in Section 32 hereof, none of the Notes shall be subject to tender prior to the maturity thereof.

Provided that sufficient funds are available on such date of tender for the payment of the principal amount of and accrued interest on any Note, or portion thereof, for which proper notice of tender has been given to the Paying Agent, then whether or not such Note shall have been delivered to the Paying Agent, from and after such date such Note, or such portion thereof, shall cease to bear interest and shall no longer be deemed to be Outstanding hereunder. If (i) the Noteholder has not specified the number of the Note, or portion thereof, for which such notice of tender has been given, (ii) such Noteholder fails to tender such Note, or portion thereof, for which proper notice of tender has been given and (iii) such Noteholder is the owner of Notes of the Series regarding which such notice of tender has been given in excess of the amount for which such tender notice has been given, the Registrar in its absolute discretion is authorized to determine which of such Notes, or portions thereof, of such Series owned by such Noteholder shall be deemed tendered and no longer Outstanding. The Registrar shall give prompt telephonic, telex or telegraphic notice of such determination to such Noteholder, the Paying Agent and the Remarketing Agent; provided, however, that if such notice is by telephone such notice shall be promptly confirmed in writing. Any such determination by the Registrar shall be conclusive and binding on the Paying Agent, Remarketing Agent and such Noteholder and his successors and assigns. The Registrar is authorized to issue a new Note in lieu of such Note as to which tender notice has been received as if such Note had been tendered.

(j) The City, acting through its Comptroller, reserves the right to purchase for cancellation any Note tendered for payment pursuant to clause (i) of Section 3 or to purchase any Note held in the Custody Account, upon notice to the Paying Agent and the Remarketing Agent given by irrevocable telephone, telex or telegraphic communication by the Comptroller not later than 2:00 P.M. on the Business Day preceding such day of purchase stating the principal amount and Series of Notes to be purchased; provided, however, that if such notice is by telephone such notice shall be promptly confirmed in writing by the Comptroller.

Any Notes so purchased for cancellation shall be selected first from Notes on deposit in the Custody Account and thereafter from any Notes as such become available upon tender.

(k) The Notes shall be issuable only as fully registered Notes (registered both as to principal and interest and not registered to "Bearer") in the denomination of \$100,000 or integral multiples thereof, except Notes of any Series bearing interest at a Fixed Rate which shall be in the denomination of \$5,000 or integral multiples thereof. Note of each Series (i) shall be numbered from 1 consecutively upwards, (ii) shall contain an appropriate prefix to such numbers to identify such Series, and (iii) shall be of a different color than the color of the Notes for any other Series.

The principal of Notes shall be payable to the Noteholders upon presentation and surrender of such Notes as they respectively become due at the Principal Office of the Paying Agent. Interest on Notes shall be paid to the Noteholders on the Interest Payment Date in immediately available funds in accordance with payment instructions given to the Paying Agent at the time of the registration thereof and in the absence of such instructions shall be paid by check or draft of the Paying Agent mailed to the address of such Noteholder as it appears on the registration books maintained pursuant to Section 8 hereof. Noteholders may direct the Paying Agent to make payment by Federal Reserve Funds check or wire or by deposit to an account of the Noteholder maintained at the Paying Agent. Such payment of interest shall be to the Noteholders of record on the registration books maintained pursuant to Section 8 hereof as of the close of business on the Record Date; except that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such default interest shall be paid to the Noteholders in whose name any such Notes (or any Note or Notes issued upon transfer or exchange thereof) are registered at the close of business on the Business Day next preceding the date of payment of such defaulted interest.

All Notes will be dated the date of their authentication.

Interest on the Notes will accrue and be payable during the periods and at the times provided for in the form of the Notes.

SECTION 4. Execution of Notes. Each of the Notes shall be signed and executed on behalf of the City by the facsimile signatures of the Mayor and the City Comptroller and attested by the facsimile signature of its City Clerk, and the corporate seal of the City shall be impressed, printed or lithographed on each Note. The Notes bearing the facsimile signatures of individuals who were at the time of the execution thereof the proper officers of the City shall bind the City notwithstanding that such individuals shall cease to hold such offices prior to the registration, authentication or delivery of such Notes or shall not have held such offices at the dated date of such Notes.

SECTION 5. Delivery and Registration. No Note shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided in Exhibit A hereto, executed by the Registrar by manual signature, and such certificate upon any such Note shall be conclusive evidence, and the only evidence that such Note has been duly authenticated, registered and delivered.

SECTION 6. General Obligation. Each Note shall be a direct and general obligation of the City for the payment of which, both principal and interest, the City pledges its full faith, credit and resources. Each Note shall be payable, both principal and interest, from any moneys, revenues, receipts, income, assets or funds of the City legally available for such purpose.

The City shall promptly cause to be paid the principal of and interest on each Note issued pursuant to this Ordinance at the place, at the time and in the manner provided herein and in the Notes to the true intent and meaning thereof.

SECTION 7. Lost, Destroyed, Improperly Cancelled or Undelivered Notes. If any Note, whether in temporary or definitive form, is lost (whether by reason of theft or otherwise), destroyed (whether by mutilation, damage, in whole or in part, or otherwise) or improperly cancelled, the Registrar may authenticate a new Note of like Series, date and denomination and bearing a number not contemporaneously outstanding; provided that (a) in the case of any mutilated Note, such mutilated Note shall first be surrendered to the Registrar and (b) in the case of any lost Note or Note destroyed in whole, there shall be first furnished to the Registrar evidence of such loss or destruction, together with indemnification of the City, the Trustee, the Paying Agent, the Bank, the Remarketing Agent and the Registrar, satisfactory to such Registrar. In the event any lost, destroyed or improperly cancelled Note shall have matured or is about to mature, or has been called for redemption, instead of issuing a duplicate Note, the Registrar shall pay the same without surrender thereof if there shall be first furnished to the Registrar evidence of such loss, destruction or cancellation, together with indemnity, satisfactory to it. Upon the issuance of any substitute Note, the Registrar may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto. The Registrar may charge the Noteholder with the Registrar's reasonable fees and expenses in connection with any transaction described in this Section 7 except for improper cancellation by the Registrar.

If a Note is called for redemption and the City elects to purchase the Note in lieu of redemption as provided in Section 11 and funds are deposited with the Paying Agent sufficient for the purchase, whether or not the Note called for redemption is ever delivered, interest on such Note shall cease to be payable to the prior holder thereof from and after the purchase date, such holder shall cease to be entitled to the benefits or security of this Ordinance and shall have recourse solely to the funds held by the Paying Agent for the purchase of such Note and the Registrar shall not register any further transfer of such Note by such prior holder.

All Notes shall be owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of lost, destroyed or improperly cancelled Notes, notwithstanding any law or statute now existing or hereafter enacted.

SECTION 8. Transfer, Registration and Exchange of Notes. The Registrar shall maintain and keep, at its Principal Office, books for the registration and transfer of Notes, which at all reasonable times shall be open for inspection by the City and the Trustee. The Registrar shall use its best efforts to make all necessary provisions to permit the exchange or registration of transfer of Notes at its Principal Office on the same Business Day on which such Notes are presented to it.

The transfer of any Note shall be registered upon the books of the Registrar at the written request of the Noteholder or his attorney duly authorized in writing, upon surrender thereof at the Principal Office of the Registrar, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Noteholder or his duly authorized attorney and instructions to the Paying Agent as to the method of payment requested.

The City, the Trustee, the Paying Agent, the Registrar and the Remarketing Agent may deem and treat the Noteholder as the absolute owner of such Note, whether such Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on, or the purchase price of, such Note and for all other purposes, and neither the City, the Trustee, the Paying Agent, the Registrar nor the Remarketing Agent shall be affected by any notice to the contrary. All such payments so made to any such Noteholder shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

Notes, upon surrender thereof at the Principal Office of the Registrar may, at the option of the Noteholder, be exchanged for an equal aggregate principal amount of Notes of any authorized denomination of the same Series and bearing interest pursuant to the same Interest Rate Determination Method as all other Notes of such Series.

In all cases in which the privilege of exchanging Notes or registering the transfer of Notes is exercised, the City shall execute and the Registrar shall authenticate and deliver Notes in accordance with the provisions of this Ordinance. For every such exchange or registration of transfer of Notes, whether temporary or definitive, the Registrar may make a charge only in an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, which sum or sums shall be paid by the person requesting such exchange or registration of transfer as a condition precedent to the exercise of the privilege of making such exchange or registration of transfer. During the Fixed Rate Period for any Series of Notes, the Registrar shall not be obligated to make any such exchange or registration of transfer of Notes during the ten (10) days next preceding the date of the mailing of notice of any proposed redemption of Notes nor shall the Registrar be required to make any exchange or registration of transfer of any Notes called for redemption.

Upon each registration of transfer of a Note bearing interest at a Commercial Paper Rate, the Paying Agent shall give written notice to the transferee that (a) no notices of the length of any Commercial Paper Rate Period or the Commercial Paper Rate borne by his Note during such period will be given to the owner of the Note, but that such information may be obtained, upon request, from the Remarketing Agent and setting forth the manner that such information may be obtained, (b) any Note bearing interest at a Commercial Paper Rate will be redeemed on its Interest Payment Date unless the owner chooses to waive such redemption and setting forth the manner in which such redemption may be waived and (c) that no notice of any such redemption will be given to the Noteholder.

Upon each registration of transfer while the Notes bear interest at a Commercial Paper Rate, or at any time the Paying Agent comes into possession of a Note bearing interest at a Commercial Paper Rate, the Paying Agent prior to any delivery of such Note to a Noteholder will attach, to the extent not already attached, and will make the appropriate insertions in, the Schedule attached to the form of Note in Exhibit A.

SECTION 9. Temporary Notes. Pending the preparation of definitive Notes, the City may execute and the Registrar shall authenticate and deliver temporary Notes. Temporary Notes may be issuable as Notes of any authorized denomination and substantially in the form of the definitive Notes but with omissions, insertions and variations as may be appropriate for temporary Notes, all as may be approved by the City,

as evidenced by the execution and delivery thereof. Temporary Notes may contain such reference to any provisions of this Ordinance as may be appropriate. Every temporary Note shall be executed by the City and be authenticated by the Registrar upon the same conditions and in substantially the same manner, and with like effect, as the definitive Notes. As promptly as practicable the City shall execute and shall furnish definitive Notes and thereupon temporary Notes may be surrendered in exchange therefore without charge at the Principal Office of the Registrar, and the Registrar shall authenticate and deliver in exchange for such temporary Notes a like aggregate principal amount of definitive Notes of authorized denominations. Until so exchanged the temporary Notes shall be entitled to the same benefits under this Ordinance as definitive Notes.

SECTION 10. Cancellation of Notes. All Notes which shall have been surrendered to the Paying Agent for payment or redemption, and all Notes which shall have been surrendered to the Registrar for exchange or registration of transfer, shall be cancelled by the Registrar. The Registrar shall furnish to the City, the Trustee, the Paying Agent, the Bank and the Remarketing Agent, a certificate evidencing such cancellations and specifying such Notes by number.

SECTION 11. Procedure for Redemption and Purchases in Lieu of Redemption. (a) In the event any of the Notes are called for redemption pursuant to subclauses (i) or (ii) of clause (h) of Section 3, and the Paying Agent has received from the City notice of such redemption at least 45 days prior to the designated redemption date, or when any of the Series 1987C Notes are to be mandatorily redeemed pursuant to subclause (v) of clause (h) of Section 3, the Paying Agent shall give notice, in the name of the City, of the redemption of such Notes, which shall: (i) specify the Notes to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable (which shall be the Principal Office of the Paying Agent), (ii) if less than all of the Notes are to be redeemed, specify the Series designation of the Notes so to be redeemed, and, if less than all of the Notes of any Series are to be redeemed, specify the particular Notes to be redeemed, identified by number, and the respective principal amounts of such Notes to be so redeemed, (iii) state any condition to such redemption, and (iv) state that on the redemption date, and upon the satisfaction of any such condition, the Notes to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption. Such notice shall be given by Mail to the Noteholders so affected at least thirty (30) days prior to the date fixed for redemption, with a copy thereof to the City, the Bank, the Trustee and the Remarketing Agent; provided, however, that failure duly to give such notice by Mail to any particular Noteholder, or any defect therein, shall not affect the validity of any proceedings for the redemption of Notes for which notice has been properly given. Any notice mailed as provided in this paragraph shall be conclusively presumed to have been given, whether or not actually received by the addressee. If a notice of redemption shall be unconditional, or if the conditions of a conditional notice of redemption shall have been satisfied, then, upon presentation and surrender of Notes so called for redemption at the place or places of payment, such Notes shall be redeemed.

(b) In the event any of the Notes are called for redemption pursuant to subclause (iii) of clause (h) of Section 3 hereof, within five Business Days after the receipt by the Paying Agent of the notice to be given by the Bank pursuant to such subclause, the Paying Agent shall give notice, in the name of the City, of the redemption of such Notes, which shall: (i) specify the Notes, or Series of Notes, to be redeemed, the redemption date and the place or

places where amounts due upon such redemption will be payable (which shall be the Principal Office of the Paying Agent), (ii) state any condition to such redemption, and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Notes, or Series of Notes, to be redeemed shall cease to bear interest. Such notice may set forth additional information relating to such redemption. Unless the Paying Agent shall have received notice from the Bank rescinding the notice given pursuant to subclause (iii) of clause (h) of Section 3 of this Ordinance, notice shall be given by Mail to the Noteholders not less than five (5) days nor more than ten (10) days prior to the date fixed for redemption, with a copy thereof to the City, the Bank, the Trustee and the Remarketing Agent; provided, however, that failure duly to give such notice by Mail to any particular Noteholder, or any defect therein, shall not affect the validity of any proceedings for the redemption of Notes for which notice has been properly given. If a notice of redemption shall be unconditional, or if the conditions of a conditional notice of redemption shall have been satisfied, then, upon presentation and surrender of Notes so called for redemption at the place or places of payment, such Notes shall be redeemed.

(c) When Notes are called for redemption pursuant to the paragraphs in the Notes captioned, "Mandatory Redemption at Beginning of Fixed Rate Period", "Mandatory Redemption on Each Interest Payment Date During Commercial Paper Period" or "Mandatory Redemption Upon a Change in the Method of Determining the Interest Rate on the Notes", and the Notes provide that they will be redeemed or purchased by the City, the City may direct the purchase of some of or all the Notes called for redemption if it gives a notice to the Paying Agent and the Bank by the day before the redemption date that it wishes the Notes to be purchased, the principal amount of which is specified in the notice. The Paying Agent will purchase Notes called for redemption pursuant to the paragraph in the Notes captioned, "Mandatory Redemption on Each Interest Payment Date During Commercial Paper Period" unless otherwise instructed in writing by the City before the redemption date.

(d) Notes purchased pursuant to tenders as provided in the Notes or in lieu of redemption as provided in the foregoing Section will be offered for sale by the Remarketing Agent as provided in this Section except as follows:

(i) Notes purchased pursuant to a tender after having been called for redemption pursuant to subclause (iii) of clause (h) of Section 3 will be cancelled.

(ii) Notes called for redemption under "Mandatory Redemption Upon a Change in the Method of Determining the Interest Rate" in the Notes may be remarketed before the redemption date only if the buyer receives a copy of the redemption notice.

(iii) Notes deposited in the Custody Account may be remarketed only if the Opinion of Bond Counsel required by the second paragraph of Section 3(i) is provided to the Paying Agent.

(iv) Notes will be offered for sale under this Section during the continuance of an Event of Default or an event which with the passage of time or the giving of notice or both may become an Event of Default only in the sole discretion of the Remarketing Agent.

(e) Any Notes or portions thereof, which have been duly selected for redemption shall be deemed to be paid and shall cease to bear interest on the specified redemption date, if moneys sufficient to pay such Notes are held by the Paying Agent for the benefit of the Noteholders.

SECTION 12. No Partial Redemption of Notes After Default. Anything in this Ordinance to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default defined in clause (a), (b) or (c) of the first paragraph of Section 32 hereof, there shall be no redemption of less than all of the Notes at the time Outstanding.

SECTION 13. Creation of Note Fund. There is hereby created and established a trust fund to be designated "City of Chicago General Obligation Tender Notes, Series 1987, Note Fund." The Note Fund shall be held by the Trustee on behalf of the City, the Bank, the Noteholders, the Paying Agent, the Registrar and the Trustee as their interests may appear. The Note Fund shall contain the following three accounts: the Series 1987A Notes Account; the Series 1987B Notes Account; and the Series 1987C Notes Account.

SECTION 14. Deposits into Note Fund. The City shall deposit into the appropriate account within the Note Fund the moneys pledged under this Ordinance to the reimbursement of the Bank for the payment of the Notes under the Letter of Credit or for the payment of the Series 1987A Notes when necessary, unless a levy has been made as provided in Section 21 hereof, in which case, as such moneys become available and as to the Series 1987B and Series 1987C Notes as such moneys become available and in accordance with the provisions of the Reimbursement Agreement. As to the Series 1987A Notes, such moneys shall consist of any funds lawfully available for the purpose of reimbursing the Bank for such payments under the Letter of Credit or for the purpose of paying the principal of and interest on the Series 1987A Notes, which moneys shall include the proceeds of the collection of the taxes levied, if any, pursuant to Section 21 hereof. As to the Series 1987B Notes, (i) if secured as provided in Section 22(a) hereof such moneys shall consist of that part of the proceeds of the collection of the taxes levied for the year 1987 pledged by the City pursuant to Section 22(a) hereof and (ii) if secured as provided in Section 22(b) hereof, such moneys shall consist of any funds lawfully available for the purpose of reimbursing the Bank for such payments under the Letter of Credit or for the purpose of paying principal of and interest on the Series 1987B Notes, which moneys shall include the proceeds of the collection of taxes levied, if any, pursuant to Section 22(b) hereof. As to the Series 1987C Notes, such moneys shall consist of the proceeds of the collection of the taxes levied pursuant to Section 23 hereof and other moneys of the City legally available therefor.

The City may deposit lawfully available funds into any account of the Note Fund and may use lawfully available funds for the direct reimbursement of the Bank for the payment of Notes under the Letter of Credit or for direct payment to the Paying Agent for the payment of the principal of and interest on the Notes if the Bank fails to honor a proper draw on the Letter of Credit.

SECTION 15. Use of Moneys in the Note Fund. Moneys deposited in the separate accounts within the Note Fund shall be remitted by the Trustee to the Bank in an amount sufficient, to the extent available therein, to reimburse the Bank for any draw under the

Letter of Credit in accordance with the provisions of the Letter of Credit and the Reimbursement Agreement.

Any notification by the Bank to the Trustee in respect of prepayment of advances pursuant to the provisions of the Letter of Credit and Reimbursement Agreement shall constitute an authorized instruction to transfer funds to the Bank. If such notice is received by the Trustee prior to 2:00 P.M. the Trustee shall, to the extent sufficient funds are available in the appropriate account of the Note Fund, remit immediately available funds on such day to the Bank.

Moneys on deposit in the Note Fund shall be used to pay principal, interest or a tender or redemption price directly to the Paying Agent only at such time as the Bank has failed to honor a proper draw under the Letter of Credit. In all other events, principal, interest and tender and redemption prices on the Notes shall be paid first from the proceeds of the Letter of Credit, and moneys on deposit in the Note Fund shall be used to reimburse the Bank pursuant to the terms of the Reimbursement Agreement.

In no event shall the Trustee remit any funds in any of the three accounts within the Note Fund to the Bank for the purpose of reimbursing the Bank for any draw on the Letter of Credit for the payment of principal or interest on the Notes or for purchase of any Note which is not payable from the particular account within the Note Fund or remit any funds in any of the three accounts within the Note Fund to the Paying Agent for the purpose of paying principal or interest on the Notes or for the purchase of any Note which is not payable from the particular account within the Note Fund. Payments from such accounts shall be made only to and for purposes for which such accounts have been created and designated.

SECTION 16. Letter of Credit.

(a) The Paying Agent, acting independently of the City but on behalf of and for the benefit of the Noteholders, shall draw moneys under the Letter of Credit in accordance with the terms thereof to make timely payments of principal of the Notes required to be made whether upon stated maturity or upon redemption and interest on the Notes on any Interest Payment Date.

(b) The Paying Agent shall also draw moneys under the Letter of Credit in accordance with the terms thereof to meet the requirements of Section 3(i) and Section 11(c) hereof.

On the date on which any Series of Notes bears interest at the Commercial Paper Rate, and on the first Business Day of each calendar month thereafter while such Series of Notes bears interest at a Commercial Paper Rate and if the amount available to be paid under the Letter of Credit in respect of interest on the Notes is not in excess of 73 days interest on the Notes at the maximum rate of interest permitted to be borne by the Notes pursuant to the provisions of the Reimbursement Agreement, the Paying Agent shall draw under the Letter of Credit an amount which would be sufficient to cause the amount on deposit in the appropriate account of the Service Fund on such day to equal the accrued and unpaid interest on the Series of Notes outstanding on such date bearing interest at the Commercial Paper Rate plus the interest which would accrue on such Series of Notes from such date to and including the first Business Day of the following calendar month if such Series of Notes

were outstanding at all times during such period and bore interest at the maximum rate of interest on the Notes permitted by the Reimbursement Agreement.

On the first Business Day of each calendar month after any Series of Notes bears interest at a Fixed Rate and if the amount available to be paid under the Letter of Credit in respect of interest on the Notes is not in excess of 73 days interest on the Notes at the maximum rate of interest permitted to be borne by the Notes pursuant to the provisions of the Reimbursement Agreement, the Paying Agent shall draw under the Letter of Credit an amount which would be sufficient to cause the amount on deposit in the appropriate account of the Service Fund on such day to equal the accrued and unpaid interest on the Series of Notes outstanding on such date bearing interest at the Fixed Rate plus the interest which would accrue on such Series of Notes from such date to and including the first Business Day of the following calendar month if such Series of Notes were outstanding at all times during such period and bore interest at the rate of interest on the Notes.

In the event that any Series of Notes bears interest at the Commercial Paper Rate or at a Fixed Rate and the interest coverage under the Letter of Credit shall exceed interest coverage for 73 days computed at the maximum rate of interest borne by the Notes pursuant to the provisions of the Reimbursement Agreement, the Paying Agent shall make draws under the Letter of Credit at the times permitted therein to pay accrued and unpaid interest on the Series of Notes bearing interest at such Commercial Paper Rate or Fixed Rate.

(c) The City may deliver to the Paying Agent an Alternate Letter of Credit provided that (i) the conditions precedent to such delivery as specified in the definition of Alternate Letter of Credit are satisfied; (ii) the City shall notify the Trustee, Paying Agent, Remarketing Agent and Bank not less than 30 days prior to the delivery thereof of its intent to deliver an Alternate Letter of Credit; and (iii) the Paying Agent shall give Notice by Mail to Noteholders of the intended delivery of such Alternate Letter of Credit not less than 15 days prior to the delivery of such Alternate Letter of Credit. Upon satisfaction of the preceding provisions the Paying Agent shall accept such Alternate Letter of Credit and promptly surrender the previously held Letter of Credit to the Bank, in accordance with the terms of such Letter of Credit, for cancellation. If at any time there shall cease to be any Notes Outstanding hereunder, the Paying Agent shall promptly surrender the Letter of Credit to the Bank, in accordance with the terms of such Letter of Credit, for cancellation. The Paying Agent shall comply with the procedures set forth in the Letter of Credit relating to the termination thereof.

(d) Following the receipt by the Paying Agent and the Remarketing Agent of a Noteholder's notice of intention to tender a Note as provided in clause (i) of Section 3 hereof, the Paying Agent shall, not later than 11:45 A.M., on the day on which such Note is to be tendered as provided in such notice, draw on the Letter of Credit an amount sufficient to pay the principal of and accrued interest on such Note to be tendered or deemed tendered. No later than 1:00 P.M. on the day on which such Note is to be tendered as provided in such notice, the Remarketing Agent shall notify the Paying Agent of the principal amount of the Notes which have been remarketed. No later than 2:00 P.M. on such day the Remarketing Agent shall pick up and pay for the remarketed Notes in immediately available funds, which funds shall be held for the benefit of the Bank. Any

Notes not remarketed shall be deposited in the Custody Account until remarketed or purchased by the City pursuant to clause (j) of paragraph 3 hereof.

(e) Upon instructions from the Comptroller or the Trustee, the Paying Agent shall give telex, telegraphic or telephonic notice, such telephonic notice to be promptly confirmed in writing, to the Bank, Trustee, City, Remarketing Agent and the Registrar of any reduction in the amount of the Letter of Credit as a result of the payment or provision for payment of Notes, whether at maturity or upon redemption, or the cancellation of Notes pursuant to clause (j) of Section 3 hereof.

(f) So long as any of the Notes are Outstanding in accordance with the provisions hereof the City covenants to maintain the Letter of Credit in an amount sufficient to make timely payments of the principal of and interest on the Notes when due under the provisions hereof. The amount available to be paid under the Letter of Credit in respect of interest on the Notes shall be determined by the Comptroller and shall not exceed 215 days interest on the Notes at the maximum rate of interest permitted to be borne by the Note pursuant to the provisions of the Reimbursement Agreement.

SECTION 17. Custody of Note Fund: Withdrawal of Moneys. The Trustee shall keep custody of the Note Fund and shall withdraw moneys from the Note Fund only for the purposes and in accordance with the provisions of Sections 15, 20 and 46 hereof. Pending the need for the funds in the Note Fund, the Trustee shall invest such funds in any investments permitted by the Reimbursement Agreement upon the direction of the Treasurer. The income from such investments shall be credited to the particular account within the Note Fund from which the investment was made.

All moneys required to be deposited with or paid to the Trustee for deposit into the Note Fund under any provision hereof, all moneys withdrawn from the Note Fund or drawn under the Letter of Credit and held by the Trustee, and all investments held as a part of the Note Fund, shall be held by the Trustee, in trust for the benefit of the City, the Bank, the Noteholders, the Paying Agent, the Registrar and the Trustee, as their interests may appear.

SECTION 18. Notes Not Presented for Payment. In the event any Notes shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if moneys sufficient to pay such Notes are held by the Paying Agent for the benefit of the Noteholders, the Paying Agent shall segregate and hold such moneys in the Service Fund, without liability for interest thereon, for the benefit of Noteholders who shall (except as provided in the following paragraph) thereafter be restricted exclusively to such fund or funds for the satisfaction of any claim of whatever nature on their part under this Ordinance or relating to said Notes.

Any moneys which the Paying Agent shall segregate and hold in trust for the payment of the principal of or interest on any Note and which shall remain unclaimed for two years after such principal or interest has become due and payable shall, upon the City's, and, so long as the Reimbursement Agreement is in effect, the Bank's, written request to the Paying Agent, be paid to the City. After the payment of such unclaimed moneys to the City, the Noteholder shall thereafter look only to the City for the payment thereof, and all

liability of the Trustee, the Paying Agent and the Bank with respect to such moneys shall thereupon cease.

SECTION 19. Creation of Service Fund. Any moneys held by the Paying Agent representing moneys drawn under the Letter of Credit or paid over to the Paying Agent by the Trustee or the City, shall be held in trust by the Paying Agent in a trust account on behalf of the City and the Noteholders, as their interests may appear, and to be designated "City of Chicago General Obligation Tender Notes, Series 1987, Service Fund" (the "Service Fund"). The Service Fund shall contain the following three accounts: the Series 1987A Notes Account, the Series 1987B Notes Account and the Series 1987C Notes Account. Moneys shall be deposited in the appropriate account reflecting the Series of Notes for which such moneys were received. The Paying Agent shall keep custody of the Service Fund and shall withdraw money therefrom only for the purpose of paying the principal of and interest on the Notes and for the purpose and in accordance with the provisions of Sections 18 and 20 hereof.

The Series 1987A Notes Account, the Series 1987B Notes Account and the Series 1987C Notes Account shall each contain a Letter of Credit Subaccount and a General Subaccount. All moneys obtained under the Letter of Credit shall be deposited in the Letter of Credit Subaccount of the appropriate account and all other moneys held in the Service Fund shall be deposited in the General Subaccount of the appropriate account.

The Comptroller is hereby authorized to enter into such agreements with the Trustee providing for the further segregation of moneys held in the Service Fund or the Note Fund into additional subaccounts as may be necessary for carrying out the purposes of this Ordinance.

Pending the need for the funds in the Service Fund, the Paying Agent may invest such funds, at the direction of the Comptroller, in general obligations of, or obligations the principal of and interest on which are fully guaranteed as to timely payment by, the United States of America, which obligations shall have maturities not in excess of thirty (30) days from the date of such investment.

All amounts invested shall mature so as to insure timely payment on the Notes.

SECTION 20. Payment to City. Any moneys remaining in the Note Fund after the right, title and interest of the Trustee, the Paying Agent, the Bank, the Remarketing Agent and the Registrar, as the case may be, and all covenants, agreements and other obligations of the City to the Noteholders shall have ceased, terminated and become void and shall have been satisfied and discharged in accordance with the provisions hereof, shall be paid to the City.

Except as provided in the last paragraph of Section 18 hereof, after all covenants, agreements and obligations of the City to the Noteholders shall have ceased, terminated and become void and shall have been satisfied and discharged in accordance with the provisions hereof, any moneys remaining in the Service Fund shall be paid to the City.

Any moneys remaining in any account of the Note Fund or held by the Trustee or the Paying Agent for a particular series of the Notes shall be paid to the City after the right or

title and interest of the Trustee, the Paying Agent, the Bank, the Remarketing Agent and the Registrar, as the case may be, and all covenants, agreements and other obligations of the City to the Noteholders of such series shall have been satisfied and discharged in accordance with the provisions hereof.

The Trustee and the Paying Agent shall be entitled to rely upon notice from or confirmation by each individual entity that its interests have been satisfied in releasing such moneys.

SECTION 21. Tax Levy for Reimbursement of the Bank for Drawings to Pay the Series 1987A Notes or for the Payment of the Series 1987A Notes. Unless the Comptroller shall certify to the Bank on or before December 1, 1987, that sufficient funds are legally available and will be used to reimburse the Bank on December 31, 1987 for a drawing or drawings under the Letter of Credit to pay the principal of and interest on the Series 1987A Notes, or to pay the principal of and interest on Series 1987A Notes, a tax levy ordinance shall be adopted by the City Council and a certified copy thereof filed with the County Clerks of Cook and Du Page Counties, Illinois, and a certified copy thereof mailed to the Bank, on or before December 31, 1987, such ordinance to levy an amount sufficient to reimburse the Bank for such drawing or drawings on or before December 31, 1988 or to pay the principal of and interest on the Series 1987A Notes if the Bank has failed to honor a proper draw under the Letter of Credit. If such reimbursement obligation or payment of principal of and interest on the Series 1987A Notes is thereafter paid from any other funds or revenues of the City prior to the extension date for such levy such taxes so levied shall be abated.

The City Treasurer is hereby ordered and directed to deposit the proceeds of such taxes, if levied and collected, into the Note Fund in accordance with the terms of the Reimbursement Agreement.

SECTION 22. Security for the Series 1987B Notes. (a) In the event that the Comptroller shall determine to secure the Series 1987B Notes in accordance with this Section 22(a), from the proceeds of taxes levied by the City for the year 1987 for the Corporate Fund, Chicago Public Library (Maintenance and Operation) Fund, City Relief (General Assistance) Fund, Judgment Fund and Chicago Public Library (Building and Sites) Fund, the City Treasurer is hereby ordered and directed to deposit proceeds thereof into the Note Fund in an amount sufficient to reimburse the Bank in accordance with the terms of the Reimbursement Agreement or to pay the principal of and interest on the Series 1987B Notes if the Bank has failed to honor a proper draw on the Letter of Credit.

(b) In the event that the Comptroller shall determine to secure the Series 1987B Notes in accordance with this Section 22(b), the Series 1987B Notes shall be payable from funds on hand of the City and lawfully available. Unless the Comptroller shall certify to the Bank on or before October 1, 1988, that sufficient funds are legally available and will be used to reimburse the Bank on October 31, 1988, for a drawing or drawings under the Letter of Credit to pay the principal of and interest on the Series 1987B Notes, or to pay the principal of and interest on the Series 1987B Notes, a tax levy ordinance shall be adopted by the City Council and a certified copy thereof filed with the County Clerks of Cook and Du Page Counties, Illinois, and a certified copy thereof mailed to the Bank, on or before October 31, 1988, such ordinance to levy an amount sufficient to reimburse the Bank for

such drawing or drawings on or before October 31, 1989, or to pay the principal of and interest on the Series 1987B Notes if the Bank has failed to honor a proper draw under the Letter of Credit. If such reimbursement obligation or payment of principal of and interest on the Series 1987B Notes is thereafter paid from any other funds or revenues of the City prior to the extension date for such levy, such taxes so levied shall be abated. The City Treasurer is hereby ordered and directed to deposit the proceeds of any taxes levied pursuant to this Section 22(b) into the Series 1987B Notes Account of the Note Fund in accordance with the terms of the Reimbursement Agreement.

(c) The City covenants that other than the Series 1987B Notes, it will make no further borrowings payable from the proceeds of the taxes levied for the purposes referred to in Section 22(a) hereof unless such borrowings are junior and subordinate in all respects to the City's obligation to reimburse the Bank for any draw under the Letter of Credit for the purpose of paying principal of and interest on the Series 1987B Notes or to pay principal of and interest on the Series 1987B Notes if the Bank has failed to honor a proper draw on the Letter of Credit.

SECTION 23. Levy of Taxes for Reimbursement of the Bank for Drawings to Pay the Series 1987C Notes or for the Payment of the Series 1987C Notes. For the purpose of providing the funds required to reimburse the Bank for the payment of drawings to pay the principal of and interest (calculated at 6% per annum) on the Series 1987C Notes promptly as the same become due at maturity, or to pay the principal and interest on the Series 1987C Notes if the Bank has failed to honor a proper draw on the Letter of Credit there is hereby levied and there shall be collected the following direct annual tax upon all taxable property in the City:

For the Year	A Tax Sufficient to Produce the Sum of:	
1987	\$4,195,000	for interest from January 1, 1987 to April 30, 1989
1988	\$4,225,000	for interest and principal
1989	\$4,075,000	for interest and principal
1990	\$25,750,000	for interest and principal

The City Treasurer is hereby ordered and directed to deposit the proceeds of such taxes so levied into the Note Fund in accordance with the terms of the Reimbursement Agreement.

SECTION 24. Appropriations. The City shall appropriate amounts sufficient to reimburse the bank at the times and in the amounts as provided in the Reimbursement Agreement and to pay the fees and expenses of the Trustee, Paying Agent, Remarketing Agent and Registrar in a timely manner and the City hereby covenants to take timely action as required by law to carry out the provisions of this Section, but, if for any such year it fails to do so, this Ordinance shall constitute a continuing appropriation ordinance of such amounts without any further action on the part of the City Council.

SECTION 25. Insufficiency of Taxes to Pay Reimbursement Obligations and the Letter of Credit Note. In the event that proceeds of any taxes to be levied or to be levied hereunder are not available in time to make any payments when due under the Reimbursement Agreement, then the Comptroller and the Treasurer of the City are hereby directed to make such payments in accordance with the Reimbursement Agreement from any other moneys, revenues, receipts, income, assets or funds of the City that are legally available for that purpose in advancement of the collection of the taxes and when the proceeds of such taxes are received such other funds shall be replenished, all to the end that the credit of the City may be preserved by the prompt payment of its obligations under the Reimbursement Agreement and the Letter of Credit Note as the same become due.

The Letter of Credit Note shall be a direct and general obligation of the City for the payment of which, both principal and interest, the City pledges its full faith, credit and resources. The Letter of Credit Note shall be payable, both principal and interest, from any moneys, revenues, receipts, income, assets or funds of the City legally available for such purpose.

The City shall promptly cause to be paid its obligations under the Reimbursement Agreement and the Letter of Credit Note at the place, at the time and in the manner provided therein.

In the event a payment is made in accordance with the Reimbursement Agreement as set forth above, the Comptroller shall promptly notify the City Council and set forth the reasons requiring such payment.

SECTION 26. Filing of Ordinance. A copy of this Ordinance, duly certified by the City Clerk, shall be filed in the respective offices of the County Clerks of Cook and DuPage Counties, Illinois (the "County Clerks"), and such filing shall constitute the authority for and it shall be the duty of said County Clerks, in each year beginning in 1987 to and including 1990, to extend the taxes levied pursuant to Section 23 hereof for collection, such taxes to be in addition to and in excess of all other taxes heretofore or hereafter authorized to be levied by the City on its behalf.

A copy of this Ordinance, duly certified by the City Clerk, shall also be filed with the Bank, the Paying Agent, the Remarketing Agent, the Registrar and the Trustee.

SECTION 27. Disclosure Documents. The Mayor or the City Comptroller are hereby authorized to execute and deliver such disclosure documents with respect to the Notes as they shall deem appropriate on behalf of the City, which disclosure documents shall be in substantially the forms previously used for similar financings of the City with appropriate revisions to reflect the terms and provisions of the Notes and to accurately describe the current condition of the City and the parties to the financing.

SECTION 28. Proceeds of the Notes. The proceeds from the sale of the Notes shall be used as follows:

- (a) From the proceeds of the Series 1987A Notes a sum sufficient shall be used to finance the current cash requirements of the City; provided, however, that \$50,000,000 of the proceeds shall be available immediately to meet current cash requirements and

amounts in excess of \$50,000,000 shall be available for such purposes only upon the approval of the City Council.

(b) The proceeds of any additional Series 1987B Notes shall be deposited in the Corporate Fund, Chicago Public Library (Maintenance and Operation) Fund, City Relief (General Assistance) Fund, Judgment Fund and Chicago Public Library (Building and Sites) Fund as designated by the Comptroller in his notification of sale to the City Council described in Section 86 hereof and shall be used for the purpose of paying amounts appropriated for such respective funds for the year 1987.

(c) The proceeds from the sale of the Series 1987C Notes shall be deposited in the appropriate funds of the City and used for the purpose of acquiring capital equipment as provided for in subclause (iii) of clause (b) of Section 3 hereof.

SECTION 29. Performance of Covenants. The City shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Ordinance, in any and every Note executed, authenticated and delivered hereunder, in the Reimbursement Agreement, in the Letter of Credit Note and the Remarketing Agreement, and in all proceedings pertaining thereto.

SECTION 30. No Transfer of Letter of Credit. The Paying Agent shall not sell, assign or transfer the Letter of Credit except to a successor Paying Agent under this Ordinance and except as provided herein or in the Letter of Credit.

SECTION 31. Arbitrage and Tax Exemption Covenant.

(a) The City covenants for the benefit of the purchasers of the Notes that it will not act so as to cause the proceeds of the Notes, the earnings thereon and any other moneys on deposit in any fund or account maintained in respect of the Notes (whether such moneys were derived from the proceeds of the sale of the Notes or from other sources) to be used in a manner which would cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code"), or any comparable provision of any successor Internal Revenue Code of the United States of America.

(b) The City agrees to comply with all provisions of the Code, which if not complied with by the City, would cause the interest on the Notes not to be tax-exempt in the hands of a holder who is a natural person. The City further agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all covenants, representations and assurances contained in a certificate or agreement regarding tax-exemption to be prepared by counsel approving the Notes; (c) to consult with such counsel and to comply with such advice as may be given; (d) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Notes; (e) to file such forms, statements and supporting documents as may be required and in a timely manner; and (f) if deemed necessary or advisable by its officers, to comply and pay fiscal agents, financial advisors, attorneys, and other persons to assist the City in such compliance.

SECTION 32. Events of Default. Each of the following events shall constitute and is referred to in this Ordinance as an "Event of Default":

(a) a failure to pay the principal of the Notes when the same shall become due and payable at maturity, upon redemption or otherwise;

(b) a failure to pay an installment of interest on the Notes upon the day when the same shall become due;

(c) a failure to pay the principal of and accrued interest on any validly tendered Note under the provisions of clause (i) of Section 3 hereof, to the holder thereof upon the same Business Day such Note is tendered;

(d) a failure by the City to maintain the Letter of Credit as provided in this Ordinance; or

(e) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (a), (b), (c) or (d) of this Section) contained in the Notes or in this Ordinance on the part of the City to be observed or performed, which failure shall continue for a period of ninety (90) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Trustee and the City by Noteholders owning not less than 25% of the principal amounts of Notes then Outstanding.

Upon the occurrence and continuance of any Event of Default described in the immediately preceding paragraph, the Trustee may, and at the written request of Noteholders owning not less than 25% in principal amount of Notes then outstanding, shall, by written notice to the City, the Remarketing Agent, the Paying Agent and the Bank, declare the Notes to be immediately due and payable, whereupon they shall, without further action, become and be immediately due and payable, anything in this Ordinance or in the Notes to the contrary notwithstanding, and the Trustee shall give notice thereof to the City and the Bank, and shall give notice thereof by Mail to all Noteholders owning Outstanding Notes.

SECTION 33. Remedies. Upon the occurrence and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Bank or Noteholders owning not less than 25% in principal amount of the Notes then Outstanding and receipt of indemnity to its satisfaction shall, in its own name and as the Trustee of an express trust:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Noteholders, and require the City or the Bank to carry out any agreements with or for the benefit of the Noteholders and to perform its or their duties under this Ordinance and the Letter of Credit;

(b) bring suit upon the Notes; or

(c) by action or suit at law or in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Noteholders.

In the event that notice of the occurrence and continuance of an Event of Default has been mailed, as provided in Section 32 hereof, the Paying Agent shall assign the Letter of Credit to the Trustee and the Trustee shall pursue all remedies thereunder and hereunder and shall assume all duties of the Paying Agent and Registrar.

SECTION 34. Rescission of Notice of Acceleration; Restoration to Former Position. (a) The provisions of clause (b) of Section 11 are subject to the condition that any rescission and annulment of the consequences of the receipt of notice given pursuant to subclause (iii) of clause (h) of Section 3 hereof may constitute a rescission and annulment of the consequences thereof hereunder only if such notice of mandatory redemption shall not have been given by Mail to the Noteholders as provided herein and the Trustee shall have received written notice from the Bank that the Letter of Credit in respect of which the Bank had previously given notice pursuant to subclause (iii) of clause (h) of Section 3 hereof has been reinstated to the amount covered by such Letter of Credit immediately preceding the giving of such notice by the Bank. Prompt notice of such rescission and annulment shall be given, if received by the Paying Agent prior to the notice by Mail to the Noteholders of such mandatory redemption, to the City, the Trustee, the Bank and the Remarketing Agent.

(b) In the event that any proceeding taken by the Trustee to enforce any right under this Ordinance shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the City, the Trustee, the Bank, the Noteholders, the Paying Agent, the Registrar and the Remarketing Agent respectively, and all rights, remedies and powers of each of such parties shall continue as though no such proceeding had been taken.

SECTION 35. Noteholders' Right to Direct Proceedings. Anything in this Ordinance to the contrary notwithstanding, the Noteholders owning a majority in principal amount of the Notes then Outstanding hereunder shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Ordinance or exercising any trust or power conferred on the Trustee by this Ordinance.

SECTION 36. Limitation on Noteholders' Right to Institute Proceedings. No Noteholder, in its capacity as such, shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on said Notes, unless such Noteholder previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also Noteholders of not less than 25% in principal amount of the Notes then Outstanding shall have made written request of the Trustee so to do, after the right to institute said suit, action or proceeding shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the institution of said suit, action or proceeding; it being understood and intended that no one or more of the

Noteholders shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Ordinance, or to enforce any right hereunder or under the Notes, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Noteholders.

SECTION 37. No Impairment of Right to Enforce Payment. Notwithstanding any other provision in this Ordinance, the right of any Noteholder to receive payment of the principal of and interest on such Note, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective dates shall not be impaired or affected without the consent of such Noteholder.

SECTION 38. Proceedings by Trustee Without Possession of Notes. All rights of action (including the right to file proof of claims) under this Ordinance or under any of the Notes secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Notes, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Noteholders, subject to the provisions of this Ordinance.

SECTION 39. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee, the Bank or to Noteholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 40. No Waiver of Remedies. No delay or omission of the Trustee, the Bank or of any Noteholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given hereunder to the Trustee, to the Bank and to the Noteholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

SECTION 41. Application of Moneys. Any moneys received by the Trustee, by any receiver or by any Noteholder pursuant to any right given or action taken under the provisions hereof, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, the Paying Agent or the Registrar, such receiver or Noteholder, shall be deposited in the Note Fund and all moneys so deposited in the Note Fund during the continuance of an Event of Default (other than moneys for the payment of Notes which had matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default) shall be applied as follows:

(a) Unless the principal of all the Notes shall have been declared due and payable, all such moneys shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Notes, with interest on overdue installments, if lawful, at the rate of six percent per annum, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the

amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of any of the Notes which shall have become due (other than Notes called for redemption for the payment of which money is held pursuant to the provisions of the Ordinance) with interest on such Notes at the rate of six percent per annum from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Notes due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Notes shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Notes, with interest on overdue interest and principal, as provided in clause (a) of this Section 41, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Note over any other Note, ratably according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege. If principal and interest on the Notes and all other payments under this Ordinance have been paid, any amounts remaining shall be paid to the Bank, but only to the extent that funds are owed to the Bank as a result of draws on the Letter of Credit.

(c) If the principal of all the Notes shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of clause (b) of Section 34, then, subject to the provisions of clause (b) of this Section 41 which shall be applicable in the event that the principal of all the Notes shall later become due and payable, the moneys shall be applied in accordance with the provisions of clause (a) of this Section.

Whenever moneys are to be applied pursuant to this Section 41, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Noteholders owning Outstanding Notes and shall not be required to make payment to any Noteholder until such Note shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

SECTION 42. Severability of Remedies. It is the purpose and intention of this Ordinance to provide rights and remedies to the Trustee, the Bank and the Noteholders which may be lawfully granted, but should any right or remedy herein granted be held to be unlawful, the Trustee, the Bank and the Noteholders shall be entitled, as above set forth, to every other right and remedy provided in this Ordinance and by law.

SECTION 43. Acceptance of Duties. The City hereby appoints Continental Illinois National Bank and Trust Company of Chicago, as Trustee for the purposes and upon the express terms and conditions set forth herein. The acceptance of the Trustee shall be evidenced by its execution of an acceptance of such trust. The acceptance of the Paying Agent and the Registrar shall be evidenced by its execution of an acceptance of such duties. No implied covenants or obligations shall be read into this Ordinance against the Trustee or the Paying Agent or the Registrar. The City and the Noteholders by their delivery and acceptance of delivery of any of the Notes agree to the terms set forth in the Ordinance.

SECTION 44. No Responsibility for Recitals. The recitals, statements and representations contained in this Ordinance or in the Notes, save only the Registrar's authentication upon the Notes, shall be taken and construed as made by and on the part of the City, and not by the Trustee or the Paying Agent and Registrar, and the Trustee and the Paying Agent and Registrar do not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

SECTION 45. Limitations on Liability. The Trustee or Paying Agent or Registrar may execute any of the trusts or powers hereof and perform the duties required hereunder by or through attorneys, agents or receivers, and shall be entitled to, and may rely upon, written advice of counsel concerning all matters of trust and duty hereunder, and the Trustee or Paying Agent or Registrar shall not be answerable for the negligence or misconduct of any such attorney or agent selected with reasonable care. Except during the continuance of an Event of Default, the Trustee need perform only those duties that are specifically set forth in this Ordinance and no others. The Trustee shall not be answerable for the exercise of any discretion or power under this Ordinance or for anything whatsoever in connection with the trust created hereby, except only for its own negligence or bad faith. The Trustee or Paying Agent or Registrar shall not be accountable for the use or application of the proceeds of any of the Notes issued hereunder.

The Registrar and the Paying Agent shall at all times have and perform only such duties as are specifically set forth in this Ordinance, and no implied covenants or obligations shall be read into this Ordinance against the Registrar or the Paying Agent. Neither the Registrar nor the Paying Agent nor any of their respective officers, employees, attorneys or agents shall be liable to the City, any Noteholder, the Remarketing Agent or the Bank for any action taken or omitted to be taken hereunder except for negligence or willful misconduct provided that this sentence does not extend the duties established by, or limit the exculpatory effect of, any other provision of this Ordinance, and provided further that the Paying Agent and Registrar shall not be liable for any error of judgment made in good faith by an officer of the Paying Agent and Registrar.

SECTION 46. Compensation, Expenses and Advances. The Trustee, the Paying Agent and the Registrar under this Ordinance shall be entitled to reasonable compensation for their services rendered hereunder (not limited by any provision of law in regard to the compensation of the trustee of an express trust) and to reimbursement for their actual out-of-pocket expenses (including the reasonable compensation and the expenses and disbursements of their agents and counsel) reasonably incurred in connection therewith except for such expenses incurred as a result of their negligence or bad faith. The City shall have the right to contest in good faith any fees or expenses of the Trustee, the Paying Agent and the Registrar without creating a default hereunder. If an Event of Default under this

Ordinance shall otherwise exist, the Trustee, the Registrar and the Paying Agent shall have, in addition to any other rights hereunder, a claim, prior to the claim of the Noteholders and the Bank, for the payment of their compensation and the reimbursement of their expenses and any advances made by them, as provided in this Section, upon the moneys and obligations in the Note Fund, except for proceeds of drawings under the Letter of Credit and except for moneys or obligations deposited with or paid to the Paying Agent for the redemption or payment or purchase of tendered Notes which are deemed to have been paid in accordance with the provisions hereof and funds held pursuant to Section 18 hereof.

The Remarketing Agent shall be entitled to compensation and the reimbursement of expenses as provided in the Remarketing Agreement.

SECTION 47. Notice of Events of Default. The Trustee shall not be required to take notice, or be deemed to have notice, of any default or Event of Default under this Ordinance other than an Event of Default under clause (a), (b), (c) or (d) of the first paragraph of Section 32 hereof, unless specifically notified in writing of such default or Event of Default by Noteholders owning at least 25% in principal amount of the Notes then Outstanding.

The Paying Agent shall give telegraphic or telex or telephonic notice to the Trustee, promptly confirmed in writing, of any Event of Default under clause (a) and (b) or, upon having notice thereof, (c) of the first paragraph of Section 32 hereof.

SECTION 48. Several Capacities. Anything in this Ordinance to the contrary notwithstanding, the same entity shall serve as Paying Agent and Registrar and may serve hereunder as the Trustee, the Paying Agent, the Registrar and the Remarketing Agent and in any other combination of such capacities, to the extent permitted by law; provided, however, that any resignation of any of such capacities by any such entity shall require the resignation of such entity from all of such capacities; and provided, further, however, that the Paying Agent, Registrar and Remarketing Agent shall all have their principal offices in the City of New York, New York.

SECTION 49. Good Faith Reliance. The Trustee, the Paying Agent and the Registrar in the absence of bad faith on their part, shall be protected and shall incur no liability in acting upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document or telephonic notice (where authorized by this Ordinance) which it shall believe to be genuine and to have been passed or signed by the proper board, body or person or to have been prepared and furnished pursuant to any of the provisions of this Ordinance, or upon the written opinion of any attorney, engineer, accountant or other expert, and the Trustee, the Paying Agent and the Registrar shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

Neither the Trustee, the Registrar, the Paying Agent, nor the Remarketing Agent shall be bound to recognize any person as a Noteholder or to take any action at his request unless his Note shall be deposited with such entity or satisfactory evidence of the ownership of such Note shall be furnished to such entity.

Any request or direction of the City as provided in this Ordinance shall be sufficiently evidenced by, and the Trustee, the Paying Agent and the Registrar may conclusively rely upon, a written instrument from the City signed by its Comptroller. As to any fact or circumstance concerning which the Trustee requests verification, the Trustee, the Paying Agent and the Registrar may conclusively rely upon a certificate signed by such Comptroller.

SECTION 50. Dealings in Notes and With City. The Trustee, the Bank, the Paying Agent, the Registrar or the Remarketing Agent, in its individual capacity, may buy, sell, own, hold and deal in any of the Notes issued hereunder for its own account or that of any other person, and may join in any action which any Noteholder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee, the Bank, the Paying Agent, the Registrar or the Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the City and may act as depositary, trustee or agent for any committee or body of Noteholders secured hereby or other obligations of the City as freely as if it did not act in any capacity hereunder.

The City, acting through its Comptroller and Treasurer, may buy, sell, own and hold any of the Notes issued hereunder for its own account; provided, however, that such Notes may only be bought through the Remarketing Agent and provided further however, that such Notes may only be sold or remarketed if the City has received an Opinion of Bond Counsel stating that such sale or remarketing will not adversely affect the exemption of interest on the Notes from Federal income taxation.

SECTION 51. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Ordinance by executing an instrument in writing resigning such trust and specifying the date when such resignation shall take effect, and filing the same with the City, the Paying Agent, the Remarketing Agent and the Bank, not less than forty-five (45) days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation by Mail, not less than three weeks prior to such resignation date, to the Noteholders. Such resignation shall take effect on the day specified in such instrument and notice, but only if a successor Trustee shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor Trustee. If the successor Trustee shall not have been appointed within a period of 90 days following the giving of notice, then the Trustee shall be authorized to petition any court of competent jurisdiction to appoint a successor Trustee as provided in Section 55.

SECTION 52. Removal of Trustee. The Trustee may be removed at any time prior to any Event of Default by the City by filing with the Trustee to be removed, and with the Remarketing Agent and the Bank, an instrument or instruments in writing executed by the City, appointing a successor, or an instrument or instruments in writing, designating a successor and accompanied by an instrument of appointment by the City of such successor. Such removal shall be effective thirty days (or such longer period as may be set forth in such instrument) after delivery of the instrument; provided, however, that no such removal shall be effective until the successor Trustee appointed hereunder shall execute, acknowledge and deliver to the City an instrument accepting such appointment hereunder.

SECTION 53. Appointment of Successor Trustee. In case at any time the Trustee shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and *ipso facto* exist in the office of the Trustee and a successor may be appointed, and in case at any time the Trustee shall resign, then a successor may be appointed by the City, by an instrument authorized by ordinance of the City. After any appointment by the City, it shall cause notice of such appointment to be given to the predecessor Trustee, the successor Trustee, the Paying Agent, Remarketing Agent and the Bank, and to be given by Mail to all Noteholders. Any new Trustee so appointed by the City shall immediately and without further act supersede the predecessor Trustee.

SECTION 54. Qualifications of Successor Trustee. Every successor Trustee (a) shall be a bank or trust company (other than the Bank) (i) duly organized under the laws of the United States or any state or territory thereof, (ii) authorized by law to perform all the duties imposed upon it by this Ordinance and the laws of the State, and (iii) capable of meeting its obligations hereunder and (b) shall have a combined capital stock, surplus and undivided profits of at least \$50,000,000.

SECTION 55. Judicial Appointment of Successor Trustee. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Ordinance prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the retiring Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

SECTION 56. Acceptance of Trusts by Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the City an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of such Trustee, such predecessor Trustee and the City shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts hereunder of such predecessor Trustee and, subject to the provisions of Section 46 hereof, such predecessor Trustee shall pay over and deliver to the successor Trustee all moneys and other assets at the time held by it hereunder.

SECTION 57. Successor by Merger or Consolidation. Any corporation into which any Trustee hereunder may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be the successor Trustee under this Ordinance, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Ordinance to the contrary notwithstanding.

SECTION 58. Standard of Care; Action by Trustee. Notwithstanding any other provisions of this Ordinance, the Trustee shall, during the existence of an Event of Default

of which the Trustee has actual notice, exercise such of the rights and powers vested in it by this Ordinance and use the same degree of skill and care in their exercise as a prudent person would use and exercise under the circumstances in the conduct of his own affairs; provided, however, that the Trustee shall be under no obligation to take any action in respect of any default or Event of Default hereunder other than an Event of Default under clause (d) of the first paragraph of Section 32 hereof, or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by Noteholders of at least 25% in principal amount of the Notes then Outstanding, and, if in its opinion such action may tend to involve it in expense or liability, unless furnished from time to time as often as it may require, with security and indemnity satisfactory to it; but the foregoing proviso is intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provisions of this Ordinance to the Trustee to take action in respect of any default or Event of Default without such notice or request from the Noteholders, or without such security or indemnity. Except during the continuance of an Event of Default, the Trustee need perform only those duties that are specifically set forth in this Ordinance and no others.

SECTION 59. Duties of the Trustee. The Trustee covenants and agrees:

(a) to keep such books and records as shall be consistent with prudent industry practice, and to make such books and records available for inspection by the City at all reasonable times; and

(b) to provide such information and reports to the Comptroller and the Bank as shall be reasonably requested in writing by the Comptroller and the Bank.

SECTION 60. Resignation of Paying Agent and Registrar. The Paying Agent and Registrar may resign and be discharged of the duties created by this Ordinance by executing an instrument in writing resigning such duties and specifying the date when such resignation shall take effect, and filing the same with the City, the Trustee, the Remarketing Agent and the Bank, not less than forty-five (45) days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation by Mail, not less than three weeks prior to such resignation date, to the Noteholders. Such resignation shall take effect on the day specified in such instrument and notice, but only if a successor Paying Agent and Registrar shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor Paying Agent and Registrar. If the successor Paying Agent and Registrar shall not have been appointed within a period of 90 days following the giving of notice, then the Paying Agent and Registrar shall be authorized to petition any court of competent jurisdiction to appoint a successor Paying Agent and Registrar as provided in Section 64.

SECTION 61. Removal of Paying Agent and Registrar. The Paying Agent and Registrar may be removed at any time prior to any Event of Default by the City by filing with the Paying Agent and Registrar to be removed, and with the Trustee, Remarketing Agent and the Bank, an instrument or instruments in writing executed by the City, appointing a successor, or an instrument or instruments in writing, designating and accompanied by an instrument of appointment by the City of such successor. Such removal

shall be effective thirty days (or such longer period as may be set forth in such instrument) after delivery of the instrument; provided, however, that no such removal shall be effective until the successor Paying Agent and Registrar appointed hereunder shall execute, acknowledge and deliver to the City an instrument accepting such appointment hereunder.

SECTION 62. Appointment of Successor Paying Agent and Registrar. In case at any time the Paying Agent and Registrar shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and *ipso facto* exist in the office of the Paying Agent and Registrar and a successor may be appointed, and in case at any time the Paying Agent and Registrar shall resign, then a successor may be appointed by the City, by an instrument authorized by ordinance of the City. After any appointment by the City, it shall cause notice of such appointment to be given to the predecessor Paying Agent and Registrar, the successor Paying Agent and Registrar, the Trustee, the Remarketing Agent and the Bank, and to be given by Mail to all Noteholders. Any new Paying Agent and Registrar so appointed by the City shall immediately and without further act supersede the predecessor Paying Agent and Registrar.

SECTION 63. Qualifications of Successor Paying Agent and Registrar. Every successor Paying Agent and Registrar (a) shall be a commercial bank or trust company (other than the Bank) (i) duly organized under the laws of the United States or any state or territory thereof and (ii) authorized by law to perform all the duties imposed upon it by this Ordinance and the laws of the State, and (b) shall have a combined capital stock, surplus and undivided profits of at least \$50,000,000.

SECTION 64. Judicial Appointment of Successor Paying Agent and Registrar. In case at any time the Paying Agent and the Registrar shall resign and no appointment of a successor Paying Agent and Registrar shall be made pursuant to the foregoing provisions of this Ordinance prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the retiring Paying Agent and Registrar may forthwith apply to a court of competent jurisdiction for the appointment of a successor Paying Agent and Registrar. Such court may thereupon, after such notice, if any, as it may deem proper and prescribed, appoint a successor Paying Agent and Registrar.

SECTION 65. Acceptance of Duties by Successor Paying Agent and Registrar. Any successor Paying Agent and Registrar appointed hereunder shall execute, acknowledge and deliver to the City an instrument accepting such appointment hereunder, and thereupon such successor Paying Agent and Registrar, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named Paying Agent and Registrar herein. Upon request of such Paying Agent and Registrar, such predecessor Paying Agent and Registrar, and the City shall execute and deliver an instrument transferring to such successor Paying Agent and Registrar all the estates, property, rights, powers hereunder of such predecessor Paying Agent and Registrar and, subject to the provisions of Section 46 hereof, such predecessor Paying Agent and Registrar shall pay over and deliver to the successor Paying Agent and Registrar all moneys and other assets at the time held by it hereunder.

SECTION 66. Successor by Merger or Consolidation. Any corporation into which any Paying Agent and Registrar hereunder may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Paying Agent and Registrar hereunder shall be a party, shall be the successor Paying Agent and Registrar under this Ordinance, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Ordinance to the contrary notwithstanding.

SECTION 67. Duties of Paying Agent. The Paying Agent (if other than the Trustee) shall notify the Trustee of the location of its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Trustee under which such Paying Agent will agree, particularly:

(a) to hold all sums held by it for the payment of the principal of or interest on Notes in trust for the benefit of the Noteholders until such sums shall be paid to such Noteholders or otherwise disposed of as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City and the Trustee at all reasonable times; and

(c) provide such information and reports to the Comptroller as shall be reasonably requested in writing by the Comptroller.

SECTION 68. Duties of Registrar. The Registrar (if other than the Trustee) shall notify the Trustee of the location of its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Trustee under which such Registrar will agree, particularly:

(a) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City and the Trustee at all reasonable times; and

(b) to provide such information and reports to the Comptroller as shall reasonably be requested in writing by the Comptroller.

SECTION 69. Payments by Paying Agent and Registrar. Any provision of this Ordinance to the contrary notwithstanding, the Registrar and the Paying Agent shall never be required to make any payments or purchase any tendered Notes except from funds provided by the Bank, the Trustee, the City or the Remarketing Agent and no provision of this Ordinance shall require the Paying Agent and Registrar to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

SECTION 70. Remarketing Agent. The City hereby authorizes the Comptroller to appoint the Remarketing Agent. A Remarketing Agreement in substantially the form attached hereto as Exhibit C is hereby approved in connection with the issuance of the Notes or any Series of Notes and the City officials designated therein are authorized and

directed to execute the same. Any Remarketing Agent appointed by the Comptroller must agree to perform the functions described in the attached Remarketing Agreement on terms that are no less favorable (as determined by the Comptroller) and fees that are no more costly to the City than those set forth in said Remarketing Agreement.

In the absence of any designated Remarketing Agent, notice to a Remarketing Agent shall not be necessary to a valid tender.

SECTION 71. The Bank. The City hereby authorizes the Comptroller to appoint the Bank, subject to the requirements of this Section 71. A Reimbursement Agreement relating to the Notes in substantially the form attached hereto as Exhibit D and a Letter of Credit Note in substantially the form attached hereto as Exhibit E are hereby approved in connection with the issuance of the Notes or any Series of Notes and the City officials designated therein are authorized to execute the same with such changes as shall be approved by the officer or officers executing the same, with such execution to constitute conclusive evidence of their approval and the City Council's approval of any changes or revisions therein from the form of Reimbursement Agreement and Letter of Credit Note attached hereto.

In appointing the Bank pursuant to this Section 71, the Comptroller must select a banking corporation or association that (i) will perform the functions described in the attached Reimbursement Agreements and the attached Letter of Credit Notes on terms (including rates of interest) that are no less favorable (as determined by the Comptroller) and fees that are not more costly to the City than those set forth in said Reimbursement Agreements and Letter of Credit Notes and (ii) will cause the Notes to bear the highest short-term ratings available from Moody's and S & P, or one of them in the event that the Notes are not to be rated by both.

SECTION 72. Limitations Upon Rights. Notwithstanding any other provision of this Ordinance to the contrary, no right granted to the Trustee, Paying Agent, Remarketing Agent, Registrar or any other entity ever appointed in any capacity under this Ordinance shall ever be construed to grant to such entities, or any of them, any rights with respect to any properties or facilities of the City. The operations of the City are essential to the public welfare and safety and shall never be subject to any control, supervision or direction of such entities or any of them. Such entities, by their acceptance of the trusts and other obligations created under this ordinance, hereby assent to the foregoing limitations and agree to be bound thereby for all purposes.

SECTION 73. Note Insurance. The Comptroller is hereby authorized to obtain a policy of note insurance if it is determined by him to be desirable in connection with the marketing and remarketing of the Notes and the Trustee shall be authorized to receive the proceeds of any such policy for application pursuant to the provisions thereof.

SECTION 74. Limitations on Amendments of this Ordinance. This Ordinance shall not be modified or amended in any respect subsequent to the issuance of the Notes except as provided in and in accordance with and subject to the provisions hereof.

SECTION 75. Amendments Without Noteholder Consent. The City may, from time to time and at any time, without the consent of or notice to the Noteholders, but upon notice to, and with the written consent of, the Bank, the Trustee and the Paying Agent amend this Ordinance as follows:

- (a) to cure any formal defect, omission, inconsistency or ambiguity in this Ordinance;
- (b) to grant to or confer or impose upon the Trustee or the Paying Agent for the benefit of the Noteholders any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with this Ordinance as theretofore in effect, provided that no such additional liabilities or duties shall be imposed upon the Trustee or the Paying Agent without its consent;
- (c) to add to the covenants and agreements of, and limitations and restrictions upon the City in this Ordinance other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this Ordinance as theretofore in effect;
- (d) to confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, this Ordinance, or of any moneys, securities or funds;
- (e) to authorize a different denomination or denominations of the Notes and to make correlative amendments and modifications to this Ordinance regarding exchangeability of Notes of different denominations, redemptions of portions of Notes of particular denominations and similar amendments and modifications of a technical nature;
- (f) to comply with any applicable requirements of the Trust Indenture Act of 1939, as from time to time amended;
- (g) to modify, alter, amend or supplement this Ordinance in any other respect which is not materially adverse to the Noteholders or the Bank and which does not involve a change described in clause (i) or (ii) (iii) of Section 76(a) hereof and which, in the judgment of the Trustee (who may rely upon an opinion of Bond Counsel), is not to the material prejudice of the Trustee or the Paying Agent; and
- (h) to provide any amendment necessary for uncertificated Notes or coupons and bearer Notes or Notes registered as to principal only.

Before the City shall amend the Ordinance pursuant to this Section, there shall have been delivered to the Trustee and the Paying Agent an opinion of Bond Counsel stating that such amendment is authorized or permitted by this Ordinance, complies with the respective terms thereof, will, upon the adoption thereof, be valid and binding upon the City in accordance with its terms and will not adversely affect the exemption from federal income taxation of interest on the Notes, and the Trustee and the Paying Agent may rely conclusively upon such opinion as to such matters.

SECTION 76. Amendments With Noteholder Consent.

(a) Except for any amendment adopted pursuant to Section 75 hereof, subject to the terms and provisions contained in this Section and not otherwise, the City may, from time to time, with the written consent of the Bank, the Trustee, the Paying Agent and the consent of Noteholders of not less than 60% in aggregate principal amount of the Notes then Outstanding (excluding therefrom any Notes then owned by the City), adopt any Supplemental Ordinance deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Ordinance; provided, however, that, unless approved in writing by the Bank and the Noteholders of all the Notes then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Note, a change in the terms of the purchase thereof by the Paying Agent or the Trustee, or a reduction in the principal amount or redemption price of any Outstanding Note or the rate of interest thereon, or (ii) a preference or priority of any Note or Notes over any other Note or Notes, or (iii) a reduction in the aggregate principal amount of Notes the consent of the Noteholders of which is required for any such amendment.

(b) If at any time the City shall propose to adopt any Supplemental Ordinance for any of the purposes of this Section, the Trustee shall cause the notice of the proposed Supplemental Ordinance to be given by Mail to all Noteholders owning Outstanding Notes. Such notice shall briefly set forth the nature of the proposed Supplemental Ordinance and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Noteholders.

(c) Within two years after the date of the first mailing of such notice, the City, the Trustee and the Paying Agent may approve such Supplemental Ordinance in substantially the form described in such notice, but only if there shall have first been delivered to the Trustee (i) the required consents, in writing, of Noteholders and the Bank, and (ii) an opinion of Bond Counsel stating that such Supplemental Ordinance is authorized or permitted by this Ordinance, complies with its terms and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms and will not adversely affect the exemption from federal income taxation of interest on the Notes, and the Trustee and the Paying Agent may rely conclusively upon such opinion as to such matters.

(d) If Noteholders of not less than the percentage of Notes required by this Section shall have consented to and approved the execution and delivery thereof as herein provided, no Noteholder shall have any right to object to the execution and delivery of such Supplemental Ordinance, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner question the propriety of the execution and delivery thereof, or to enjoin or restrain the City or Trustee or the Paying Agent from adopting, executing and delivering the same or from taking any action pursuant to the provisions thereof.

SECTION 77. Effect of Supplemental Ordinance. Upon the execution and delivery of any Supplemental Ordinance pursuant to the provisions of this Ordinance, this Ordinance shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City, the Trustee, the

Paying Agent, the Bank and all Noteholders owning Notes then Outstanding shall thereafter be determined, exercised and enforced under this Ordinance subject in all respects to such modifications and amendments.

SECTION 78. Consent of Bank Required. Anything herein to the contrary notwithstanding, any Supplemental Ordinance under this Ordinance which affects any rights, powers, remedies, agreements or obligations of the Bank under this Ordinance, or requires a revision of the Letter of Credit shall not become effective unless and until the Bank shall have consented to such Supplemental Ordinance. Written notice of any Supplemental Ordinance shall be furnished to the Bank, Moody's and S & P, by the Trustee.

SECTION 79. Parties in Interest. Except as herein otherwise specifically provided, nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Bank, the Paying Agent, the Trustee, the Remarketing Agent, the Registrar and the Noteholders any right, remedy or claim under or by reason of this Ordinance, this Ordinance being intended to be for the sole and exclusive benefit of the City, the Bank, the Paying Agent, the Trustee, the Remarketing Agent, the Registrar and the Noteholders.

The provisions of this Ordinance shall constitute a contract between the City, the Bank, the Paying Agent, the Trustee, the Remarketing Agent, the Registrar and the holders of the Outstanding Notes, and no changes, additions or alterations of any kind shall be made hereto, except as herein provided, so long as there are any Outstanding Notes.

SECTION 80. Severability. In case any one or more of the provisions of this Ordinance or of the Notes issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Ordinance or such Notes, and this Ordinance and such Notes shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein or therein.

SECTION 81. No Personal Liability of Officials of City. No covenant or agreement contained in the Notes or in this Ordinance shall be deemed to be the covenant or agreement of any official, officer, agent or employee of the City in his individual capacity, and neither the members of the City Council nor any official executing the Notes shall be liable personally on the Notes, the Letter of Credit Note or under the Reimbursement Agreement or be subject to any personal liability or accountability by reason of the issuance of the Notes, the Letter of Credit Note or the execution and delivery of the Reimbursement Agreement.

SECTION 82. Counterparts. This Ordinance may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Ordinance.

SECTION 83. Governing Law. The laws of the State of Illinois shall govern the construction and enforcement of this Ordinance and of all Notes issued hereunder; provided, however, that the administration of the trusts imposed upon the Trustee and the Paying Agent by this Ordinance shall be governed by, and construed in accordance with,

the laws of the respective jurisdictions in which the Trustee and the Paying Agent have their Principal Offices.

SECTION 84. Notices. Except as otherwise provided in this Ordinance, all notices, certificates, requests, requisitions or other communications by the City, the Trustee, the Paying Agent, the Registrar, the Remarketing Agent or the Bank pursuant to this Ordinance shall be in writing and shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the City, at the Comptroller's Office, City Hall, Room 501, 121 North LaSalle Street, Chicago, Illinois 60602, Attention: City Comptroller; if to the Trustee, at 30 North LaSalle Street, Chicago, Illinois 60697, Attention: Corporate Trust Department; if to the Paying Agent, other than with respect to tenders, at the address designated to the City and, with respect to tenders, at such other or similar address as shall be designated to the City; if to the Registrar or the Remarketing Agent, at the address designated to the City; and if to the Bank, to the address designated in the Letter of Credit. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder, including without limitation, telephonic, telex or other similar forms of notice.

The City shall promptly give notice of (i) the designation of any new Trustee or Paying Agent, (ii) the termination of the Letter of Credit, (iii) any intention to obtain an Alternate Letter of Credit as provided in clause (c) of Section 16 hereof, (iv) any proposed amendment to this Ordinance, (v) any amendment to the Letter of Credit, the Reimbursement Agreement (or the Custody Agreement executed in connection therewith), or the Remarketing Agreement which, in the opinion of the City, the Trustee or the Paying Agent, is deemed to be a material change, (vi) any replacement of the Remarketing Agent or (vii) any change in the interest rate determination method hereunder, directly to: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, Attention: Municipal Department - Structured Finance Group, and to Standard and Poor's Corporation, 25 Broadway, New York, New York 10004, or to such other address as shall be provided to the City for such notice.

SECTION 85. Business Days and Times.

(a) If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

(b) All times for the making of any payment or the performance of any Act, as provided in this Ordinance, shall mean the local time prevailing in the City of New York, New York.

SECTION 86. Sale and Delivery of the Notes. Each Series of Notes shall be sold and delivered to the underwriters and subject to the terms and conditions of a contract of purchase related thereto. All or a portion of each Series of Notes may be sold separately or in combination with any other Series of Notes from time to time in accordance with the following paragraph. In connection with the offering and delivery of the Notes at separate times, the Comptroller shall be authorized to enter into any additional agreements

comparable to any agreement authorized hereunder and to deliver any certificates required of the City in connection with such separate sale.

The sale and delivery of all or a portion of any Series, or combination of Series, of Notes shall be authorized by the Comptroller with the approval of the Chairman of the Committee on Finance of the City Council, the Vice Chairman of the Committee on Finance of the City Council or the Chairman of the Committee on the Budget of the City Council.

Subsequent to the sale of any Series 1986B Notes, the Comptroller shall file in the office of the City Clerk a notification of sale directed to the City Council setting forth (i) the aggregate principal amount of Series 1986B Notes sold and the purchaser thereof, (ii) the respective purposes for which such Series 1986B Notes were sold and the respective amounts of the proceeds of such sale to be deposited into the funds of the City for such respective purposes, (iii) whether such Series 1986B Notes are to be secured as provided in Section 22(a) hereof or as provided in Section 22(b) hereof and (iv) if secured as provided in Section 22(a) hereof, the percentages of the levies made for such respective purposes for the year 1987 being anticipated by the sale of such Series 1986B Notes.

The Registrar shall be authorized to authenticate and deliver each Series of Notes at the initial delivery of such Series upon receipt of the related Letter of Credit and telephonic authorization, to be confirmed in writing, from the Comptroller evidencing that all conditions precedent to the issuance of such Notes as provided in this Ordinance, the related Reimbursement Agreement, the related contract of purchase and the related Remarketing Agreement have been satisfied.

SECTION 87. Repealer. To the extent that any ordinances, resolution, rule, order or provision of the Municipal Code of the City of Chicago, or part thereof, is in conflict with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

SECTION 88. Publication. This Ordinance shall be published by the City Clerk, by causing to be printed in special pamphlet form at least 100 copies hereof, which copies are to be made available in his office for public inspection and distribution to members of the public who may wish to avail themselves of a copy of this Ordinance, and this Ordinance shall be in full force and effect from and after its adoption, approval by the Mayor and publication.

[Exhibit B attached to this ordinance printed on pages
37256 through 37258 of this Journal.]

Exhibits A, C, D, Annexes A, B, C, D, E, F, Exhibits A, C-1, C-2, D-1, D-2 and E attached to this ordinance read as follows:

*Exhibit A.**(Form of Note).*

A. Forms Generally. The Notes, the Certificate of Authentication and the form of Assignment to be printed on each of the Notes, shall be substantially in the forms set forth in this Exhibit A with such appropriate insertions, omissions, substitutions and other variations as are permitted or required by this Ordinance and may have such letters, numbers or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of Bond Counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Notes as evidenced by their execution thereof. Any portion of the text of any Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

The definitive Notes shall be printed, lithographed or engraved, produced by any combination of these methods, or produced in any other similar manner, all as determined by the officers executing such Notes as evidenced by their execution thereof, but any temporary Note may be typewritten or photocopied or otherwise reproduced.

B. Form of Registered Note.

(Front Side)

REGISTERED
NO.PRINCIPAL AMOUNT
\$ _____

UNITED STATES OF AMERICA

STATE OF ILLINOIS

CITY OF CHICAGO

GENERAL OBLIGATION

TENDER NOTE

SERIES 1987__

Maturity

Date: _____

Redemption Date: _____

Registered Owner:

Principal Amount:

(Continued on page 37259)

EXHIBIT B1987 CAPITAL EQUIPMENT NOTE PROGRAM

<u>Department/Item Description</u>	<u>Amount</u>
1. Budget and Management	
a) Fleet Management: Fuel System/Improvements	\$ 847,000
b) Data Processing/Equipment/Furniture	703,500
c) Vehicles	250,000
d) Datacenter	
1. Communication Controller	345,000
2. Remote Communication Controller	80,000
3. Disk Storage	400,000
Subtotal Datacenter	<u>825,000</u>
Subtotal Budget and Management	<u>2,625,500</u>
2. Comptroller's Office	
a) Financial Management System, Phase II	4,113,000
b) Office Communication Network	<u>68,000</u>
Subtotal Comptroller's Office	<u>4,181,000</u>
3. Consumer Services - Opti-Scan	3,500
4. Fire Department	
a) Vehicles	
- 5 Custom Pumpers	825,000
- 2 Rehab Pumpers	140,000
- 3 Custom Hook and Ladders	1,050,000
- 2 Rehab Hook and Ladders	340,000
- 15 Ambulances	675,000
- 10 'A' Cars with Radios	200,000
- 1 Custom Snorkel	300,000
- 2 Trucks - Air Mask Services	90,000
- 1 Truck-Field support	65,000
- Miscellaneous Vehicles	502,000
Subtotal Vehicles	<u>4,187,000</u>
b) Communications Equipment (Radios)	62,000
c) Other Equipment	214,000
d) Emergency Medical Service Equipment	<u>531,000</u>
Subtotal Fire Department	<u>4,994,000</u>
5. Health Department	
a) Data Processing Equipment	62,000
b) X-Ray machines and other equipment	<u>188,000</u>
Subtotal Health Department	<u>250,000</u>

1987 Capital Equipment Note Program
Page 2

<u>Department/Item Description</u>	<u>Amount</u>
6. Law Department - Data Processing Equipment	23,000
7. Municipal Reference Library - Copier	13,000
8. Office of Municipal Investigations - Purchase of 4 personal computers	15,000
9. Planning Department - Personal computer work station	10,000
10. Police Department	
a) Fingerprint Terminals	350,000
b) Communications Equipment	850,000
c) Vehicles	
- 250 Marked Squad Cars	3,337,500
- 150 Unmarked Squad Cars	1,875,000
- 30 Squadrol Cabs/Chassis	405,000
- 8 Station Wagons	104,000
- 30 Used Cars	225,000
- 25 Three-Wheel Motorcycles	200,000
- 2 Prisoner Transport Vans	120,000
- 1 Evidence/Recovered Property Truck	30,000
- 1 Equipment and Supply Truck	30,000
- 1 Fork Lift M.M.D.	10,000
- 1 Unmarked Station Wagon	13,000
	<u>6,349,500</u>
Subtotal Police Vehicles	6,349,500
Subtotal Police Department	<u>7,549,500</u>
11. Chicago Public Library Bookstock Purchase	<u>3,000,000</u>
12. Public Works	
a) Intradepartmental Terminals	77,000
b) Computer Aided Design Station (Engineering)	50,000
c) Disk Storage - 300 mb (Maps and Plats)	22,000
	<u>149,000</u>
Subtotal Public Works	149,000
13. Revenue Department	
a) Data processing display units, control units and software for collection program	150,000
b) License and Tax Division Display Units	5,000
	<u>155,000</u>
Subtotal Revenue	155,000

1987 Capital Equipment Note Program

Page 3

<u>Department/Item Description</u>	<u>Amount</u>
14. Latino Commission	
- Personal Computer	\$ 7,000
15. Personnel Department	
- Data and Word Processing equipment	247,000
16. Streets and Sanitation	
a) 50 Refuse Trucks	4,485,000
b) 17 Refuse Trucks for Dumpster Program	1,564,000
c) Software for City-wide Cart Program	100,000
d) Salt Spreader, Cabs/Chassis and Plowframes	<u>628,500</u>
Subtotal	<u>6,777,500</u>
TOTAL 1987 CAPITAL EQUIPMENT NOTE	<u>\$30,000,000</u>

(Continued from page 37255)

The City of Chicago, Illinois (the "City") hereby acknowledges itself to owe and, for value received, hereby promises to pay to the Registered Owner (named above) or registered assigns (hereinafter the "Noteholder"), on the Maturity Date (identified above), unless this Note shall have been previously called for redemption and payment of the redemption price made or provided for, or if purchased as provided herein and in the Ordinance, upon the presentation and surrender hereof as hereinafter set forth, the Principal Amount (stated above) and interest on said Principal Amount from and including the Dated Date (identified above) until payment of said Principal Amount has been made or duly provided for at the rates and on the dates set forth herein. This Note, or a portion hereof, shall be purchased on the demand of the Noteholder as hereinafter described. The principal of this Note is payable at the principal corporate trust office of _____, _____, or its successors or assigns, as Paying Agent (the "Paying Agent"). The interest so payable on any Interest Payment Date (as hereinafter defined) will, subject to certain exceptions provided in the Ordinance, be paid to the person in whose name this Note is registered at the close of business on the Record Date (as hereinafter defined) preceding such Interest Payment Date. Interest on this Note is payable by the Paying Agent in the manner provided in the Ordinance.

If an Event of Default (as defined in the Ordinance) has occurred and is continuing and the principal of all the Notes shall have been declared due and payable by Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, or its successors or assigns, as trustee (the "Trustee") and notice thereof mailed to the Noteholders then the principal hereof shall be payable at the principal corporate trust office of the Trustee and the payment of interest hereon shall be made by such Trustee as provided in the Ordinance.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Ordinance and the issuance of this Note, do exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this Note or the Ordinance shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the City in his individual capacity, and neither the officials of the City, nor any official executing this Note, shall be liable personally on this Note or be subject to any personal liability or accountability by reason of the issuance or sale of this Note.

This Note shall not be entitled to any right or benefit under this Ordinance, or be valid or become obligatory for any purpose, until this Note shall have been authenticated by the execution by the Registrar, or its successor as Registrar, of the certificate of authentication inscribed hereon.

In Witness Whereof, the City of Chicago has caused the seal of that City to be imprinted by facsimile hereon and this Note to be signed by the facsimile signatures of its Mayor and City Comptroller and attested by the facsimile signature of the City Clerk.

(facsimile signature)

Mayor, City of Chicago

(facsimile signature)

City Comptroller, City of Chicago

(SEAL)

Attest:

(facsimile signature)

City Clerk, City of Chicago

Date:

CERTIFICATE OF AUTHENTICATION

This is to certify that this Note is one of the Notes described in the within mentioned Ordinance.

_____, as Registrar

By _____
Authorized Signature

(Form of Note -- Reverse Side)

1. Authorization. This Note is one of the duly authorized General Obligation Tender Notes, Series 1987, of the City, consisting of Series 1987A, 1987B and 1987C (the "Notes"), issued under and pursuant to the Constitution and the City's powers as a home rule unit under Article VII of the Illinois Constitution of 1970, and an ordinance of the City adopted _____, 1986 (the "Ordinance"), for the purpose of providing funds to (i) finance current cash flow requirements of the City, (ii) anticipate the receipt of taxes levied for specified purposes by the City for the year 1987 and (iii) finance the acquisition of certain equipment for the City.

2. Definitions. Any term used herein as a defined term but not defined herein shall be defined as in the Ordinance.

3. Source of Payments. The City has caused to be delivered to the Paying Agent an irrevocable letter of credit (the "Letter of Credit") of _____ (the

"Bank"), in its capacity as issuer of the Letter of Credit, its successors in such capacity and its assigns, which Letter of Credit will expire by its terms not earlier than the maturity date of the Notes. The Paying Agent shall be entitled under the Letter of Credit to draw up to (a) an amount sufficient (i) to pay the principal of the Notes, or (ii) to enable the Paying Agent to pay the purchase price or the portion of the purchase price equal to the principal amount of the Notes delivered to it for purchase or purchased in lieu of redemption and not remarketed, plus (b) an amount equal to not less than seventy-two (72) nor more than two hundred fifteen (215) days' accrued interest on the outstanding Notes (i) to pay interest on the Notes or (ii) to enable the Paying Agent to pay the portion of purchase price of the notes delivered to it equal to the accrued interest, if any, on such Notes. The City may, upon the conditions specified in the Ordinance, provide for the delivery to the Paying Agent of an Alternate Letter of Credit.

This Note, and the issue of which it is a part, shall be direct and general obligations of the City for the payment of which, both principal and interest, the City pledges its full faith, credit and resources and each such Note shall be payable from any moneys, revenues, receipts, income, assets or funds of the City legally available for such purpose.

4. Interest Rate. Interest on this Note will be paid at a Daily Rate, a Weekly Rate, a Commercial Paper Rate or a Fixed Rate as selected by the City and in certain cases the Remarketing Agent (as hereinafter defined) and as determined in accordance with the Ordinance. While there exists an Event of Default under the Ordinance, the interest rate on the Notes will be the rate of six percent (6%) per annum. The City, acting through its Comptroller, or in certain cases, the Remarketing Agent may change the interest rate determination method from time to time. A change in the method will result in redemption of the Notes (see "Redemptions" below).

When interest is payable at a Daily, Weekly or Commercial Paper Rate, it will be computed on the basis of the actual number of days elapsed over a year of 365 days (366 in leap years), and when payable at a Fixed Rate, on the basis of a 360-day year of twelve 30-day months. Interest on overdue principal and, to the extent lawful, on overdue premium and interest will be payable at the rate of six percent (6%) per annum.

5. Interest Payment and Record Dates. Interest will accrue on the unpaid portion of the principal of this note from the last date to which interest was paid, or if no interest has been paid, from the date of the original issuance of the Notes until the entire principal amount of this Note is paid. When Interest is payable at the rate in the first column below, interest accrued during the period (an "Interest Period") shown in the second column will be paid on the date (an "Interest Payment Date") in the third column to holders of record on the date (a "Record Date") in the fourth column:

<u>Rate</u>	<u>Interest Period</u>	<u>Interest Payment Date</u>	<u>Record Date</u>
Daily	Calendar month	Fifth Business Day of the next month	Last Business Day of the month

<u>Rate</u>	<u>Interest Period</u>	<u>Payment Date</u>	<u>Record Date</u>
Weekly	Calendar month	Fifth Business Day of the next month	Last Business Day of the month
Commercial Paper	From 1 to 180 days as determined for each Note pursuant to the Ordinance ("Commercial Paper Rate Period")	Last Day of applicable Commercial Paper Rate Period Interest	Last Business Day before Interest Payment Date
Fixed	From any Interest Payment Date in such Fixed Rate Period or the first day of such Period through the next succeeding (i) June 30 or December 31 prior to maturity, (ii) December 30, at the time of maturity of Series 1987A Notes or (iii) October 30, at the time of maturity of the Series 1987B Notes or the Series 1987C Notes	Next day	(i) Prior to the maturity of any Series of Notes, the fifteenth day of the month (June or December) before the payment date and (ii) in connection with the maturity date of any Series of Notes, the fifteenth day of the month in which the maturity date occurs

"Business Day" is defined in the Ordinance. Payment of defaulted interest will be made to holders of record on the fifth-to-last Business Day before payment.

6. Method of Payment. Holders must surrender Notes to the Paying Agent or the Remarketing Agent, as the case may be, to collect principal or the purchase price (see "Tenders" below). Interest will be paid on the Interest Payment Date to the registered holder hereof as of the Record Date in immediately available funds in accordance with payment instructions given to the Paying Agent at the time of the registration thereof and in the absence of such instructions shall be paid by check or draft of the Paying Agent mailed to such holder's registered address. Noteholders may direct the Paying Agent to make payment by Federal Reserve Funds check or wire or by deposit to an account of the Noteholder maintained at the Paying Agent. Principal and interest will be paid in money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfers payable in such money. If any payment on the Notes is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

7. Tenders. "Tender" means to require, or the act of requiring, the Paying Agent to purchase a Note at its holder's option under the provisions of this Section 7 at 100% of the principal amount plus interest accrued to the date of purchase.

Daily Rate Tender. When interest on the Notes is payable at a Daily Rate, a holder of a Note may tender the Note by delivering(a) a written or telephone notice to the Paying Agent and the Remarketing Agent (see addresses below) by 10:30 A.M., New York City time, on a Business Day, stating the principal amount and Series of the Note and the date (which may be the date the notice is delivered) the Note is to be purchased, and

(b) the Note to the Remarketing Agent (address below) by 12:00 Noon, New York City time, on the date of purchase (see additional requirements below).

Weekly Rate Tender. When interest on the Note is payable at a Weekly Rate, a holder of a Note may tender the Note by delivering

(a) a written or telephone notice to the Paying Agent and the Remarketing Agent (addresses below) on a Business Day stating the principal amount and Series of the Note and the date, which must be a Business Day at least seven days after the notice is delivered, on which the Note is to be purchased, and

(b) the Note to the Paying Agent by 10:00 A.M., New York City time, on the date of purchase (see additional requirements below).

Payment of Purchase Price. The purchase price for a Note tendered to the Paying Agent will be paid in immediately available funds by the close of business on the date of purchase.

Delivery Addresses; Additional Delivery Requirements. Notices in respect of tenders and Notes tendered must be delivered as follows:

Notices to
Remarketing Agent

Notes and Notices
to Paying Agent

Notes to
Remarketing Agent

These addresses may be changed by notice mailed by first class mail to the Noteholders at their registered addresses. All tendered Notes must be accompanied by an instrument of transfer satisfactory to the Paying Agent or Remarketing Agent, executed in blank by the registered owner with the signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange.

No Tenders During Default. No Notes may be tendered during the existence of an Event of Default if the Trustee has notified the Paying Agent that it has given notice by Mail to the Noteholders of a declaration that all the Notes are due and payable.

8. Redemptions. As provided below, the City has the right to purchase Notes in lieu of certain redemptions. By Acceptance Of This Note, The Owner Agrees To Sell And Surrender This Note, Properly Endorsed, To The City In Lieu Of Redemption Under The Conditions Described Below. All redemptions and purchases in lieu of redemption will be made in funds immediately available on the redemption or purchase date and will be at a redemption or purchase price of 100% of the principal amount of the Notes being redeemed or purchased plus interest accrued to the redemption or purchase date, except that interest accruing at a Daily or Weekly Rate will be paid on the Interest Payment Date following the redemption or purchase date. Notes tendered for purchase on a date after a call for redemption but before the redemption date will be purchased pursuant to the tender. No purchase of Notes by the City or advance use of any funds to effectuate any such purchase shall be deemed to be a payment or redemption of the Notes or of any portion thereof and such purchase will not operate to extinguish or discharge the indebtedness evidenced by such Notes.

Optional Redemption During Daily, Weekly or Commercial Paper Rate Period. When interest on the Notes is payable at a Daily or Weekly Rate, the Notes may be redeemed in whole at the option of the City on the first day of each month. The Notes are not subject to optional redemption during any Commercial Paper Rate Period but are subject to mandatory redemption during any such Period as provided in the second succeeding paragraph.

Mandatory Redemption at Beginning of Fixed Rate Period. When the Notes are to bear interest at a Fixed Rate, the Notes will be redeemed or purchased by the City in lieu of redemption on the effective date of the Fixed Rate. Noteholders may waive this redemption as provided below.

Mandatory Redemption on Each Interest Payment Date During Commercial Paper Rate Period. When Notes bear interest at a Commercial Paper Rate, each Note will be redeemed or purchased by the City in lieu of redemption on the Interest Payment Date of such Note. If Notes are scheduled to be redeemed under the following paragraph, the Notes will be called under, and redemption will be governed by, that paragraph and not this paragraph. Noteholders may waive this provision as provided below.

Mandatory Redemption Upon a Change in the Method of Determining the Interest Rate on the Notes. On the effective date of the change in the method of determining the interest rate on the Notes (the four methods being Daily, Weekly, Commercial Paper or Fixed Rates) the Notes will be redeemed or purchased by the City in lieu of redemption on the effective date of such change. Owners of Notes may waive this redemption as provided below.

Waiver of Redemption. To waive redemption pursuant to one of the foregoing three paragraphs, Noteholders must deliver the Notes with respect to which such waiver is made to the Paying Agent at its address under "Tenders" above by the sixth-to-last Business Day before the redemption date (or on the first Business Day of any Commercial Paper Rate

Period which is shorter than six Business Days) accompanied by an instrument executed by the owner (1) directing the City and the Paying Agent not to redeem such Notes (or the portion thereof specified therein), (2) agreeing not to sell such Notes or portion thereof prior to the redemption date (3) agreeing not to exercise any tender applicable to such Notes prior to the redemption date, (4) acknowledging that such waiver is irrevocable and (5) when applicable, acknowledging that a current right to tender the Notes will not be available after the redemption date.

If the Notes are being redeemed due to a change in the method of determining interest to a Commercial Paper Rate,

(1) the waiver must also direct the City and the Paying Agent not to redeem such Notes for any subsequent Commercial Paper Rate Period established between the date of such waiver and the effective date of the change, and

(2) if the Remarketing Agent notifies the Paying Agent that the Notes are to be sold on the condition that the Noteholder designates an agent to hold such Notes on the owner's behalf for as long as the Notes bear interest at a Commercial Paper Rate, then the waiver must contain a direction by the Noteholder to deliver such Notes to such agent on the effective date of the change.

Any waiver of redemption shall be irrevocable and any right to tender such Note shall not be exercisable by the owner once the waiver has been given. A waiver shall bind any subsequent owner of such Note or any Note delivered in substitution therefor. Also the failure by the owner timely to waive any redemption shall be binding on any subsequent owner of such Note or any Note delivered in substitution therefor.

Notwithstanding the foregoing, no waiver may be made with respect to any Note if the City has directed (or the Ordinance requires) that such Note be redeemed and canceled.

Any Note received by the Paying Agent pursuant to a waiver shall be held in safekeeping for its owner and shall be returned to such owner (or his agent) on the redemption date.

Scheduled Mandatory Redemption of Series 1987C Notes. Series 1987C Notes are subject to mandatory redemption in the amount of \$2,500,000 on October 31 of each of the years 1989 and 1990, as provided in the Ordinance, the particular Notes and \$100,000 or \$5,000, as the case may be, units of Notes to be selected by the Registrar.

No Optional Redemption During Fixed Rate Period. When the interest on the Notes is payable at a Fixed Rate, the Notes are not subject to redemption at the option of the City.

Mandatory Redemption for Failure to Reinstate the Letter of Credit or for an Event of Default under the Reimbursement Agreement. All Notes shall be subject to mandatory redemption by the City at the principal amounts thereof and accrued interest to the date of redemption in the event that the City, the Trustee, the Paying Agent and the Remarketing Agent receive notice from the Bank that the Letter of Credit in respect of such Notes will not be reinstated in accordance with the provisions of the Reimbursement Agreement and

the Letter of Credit, or if such parties receive notice from the Bank that an event of default has occurred under the Reimbursement Agreement.

Notice of Redemption. At least 30 days before each optional redemption described in Section 8 hereof, the Trustee will mail a notice of redemption by first-class mail to each Noteholder at the holder's registered address. Notice of other redemptions shall be given as provided in the Ordinance. Failure to give any required notice of redemption as to any particular Notes will not affect the validity of the call for redemption of any Notes in respect of which no failure occurs. Any notice mailed as provided in this paragraph will be conclusively presumed to have been given whether or not actually received by the addressee.

Effect of Notice of Redemption. When notice of redemption is required and given, and when Notes are to be redeemed without notice, Notes called for redemption become due and payable on the redemption date at the applicable redemption price, subject to the City's right to purchase Notes as provided above: in such case when funds are deposited with the Paying Agent sufficient for redemption or for purchase, interest on the Notes to be redeemed or purchased ceases to accrue as of the date of redemption or purchase.

9. **Denominations; Transfer; Exchange.** The Notes are in registered form without coupons in denominations of \$100,000 or any integral multiple of \$100,000, except that when interest is payable at a Fixed Rate Notes may be in denominations of \$5,000 or integral multiples of \$5,000. A holder may transfer or exchange Notes in accordance with the Ordinance. The Registrar may require a holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Ordinance. The Notes may be exchanged at the principal office of the Registrar upon the terms set forth in the Ordinance.

10. **Persons Deemed Owners.** The registered holder of this Note may be treated as the owner of it for all purposes.

11. **Unclaimed Money.** If money for the payment of principal, interest or purchase price remains unclaimed for two years, the Paying Agent will pay the money to or for the account of the City. After that, holders entitled to the money must look only to the City and not to the Paying Agent or the Issuer of the Letter of Credit for payment unless an abandoned property law designates another person.

12. **Amendment and Supplement, Waiver.** Subject to certain exceptions, the Ordinance may be amended or supplemented, with the consent of the holders of 60% in aggregate principal amount of the Notes. Without the consent of any Noteholder, the City may amend or supplement the Ordinance as described in the Ordinance, to cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, or to make any change that does not materially adversely affect the rights of any Noteholder.

13. **Defaults and Remedies.** The Ordinance provides that the occurrences of certain events constitute Events of Default. If an Event of Default occurs and is continuing, the Trustee, may, and at the written request of the holders of at least 25% in principal amount of the Notes, shall declare the principal of all the Notes to be due and payable immediately.

An Event of Default and its consequences may be waived as provided in the Ordinance. Noteholders may not enforce the Ordinance or the Notes except as provided in the Ordinance. The Trustee may refuse to enforce the Ordinance or the Notes unless it receives indemnity satisfactory to it. Subject to certain limitations, holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power.

14. No Recourse Against Others. A member, director, officer or employee, as such, of the City shall not have any liability for any obligations of the City under the Notes or the Ordinance or for any claim based on such obligations or their creation. Each Noteholder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Note.

15. Authentication. This Note shall not be valid until the Registrar signs the certificate of authentication on the other side of this Note.

16. Abbreviations. Customary abbreviations may be used in the name of a Noteholder or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

[Form of Assignment]

I or we assign and transfer to

Insert social security or other
identifying number of assignee

[_____]

[_____]

(Print or type name, address and zip code of assignee)

this Note and irrevocably appoint _____ agent to
transfer this Note on the books of the City. The Agent may substitute another to act for
him.

Dated: _____
Signed: _____

(Sign exactly as name appears on the other side of this Note)

Signature guaranteed: _____

[Form Of Schedule To Be Attached To Notes Only When
Notes Bear Interest At Commercial Paper Rate]

Commercial Paper Rates And Periods.

Beginning of Commercial Rate Period	End of Commercial Paper Rate Period (Mandatory Redemption Date)	Current Commercial Paper Rate	Signature of Paying Agent
_____:	_____:	_____:	_____
_____:	_____:	_____:	_____
_____:	_____:	_____:	_____
_____:	_____:	_____:	_____

Exhibit C.

Remarketing Agreement.

This Remarketing Agreement is made and entered into as of February 1, 1986, between the City of Chicago (the "City") and _____ as Remarketing Agent (the "Remarketing Agent").

Witnesseth:

Whereas, the City, on the 4th day of February, 1986, adopted an ordinance entitled "An Ordinance Providing For The Issuance Of General Obligation Tender Notes, Series' 1986 A, B and C, Of The City Of Chicago, Illinois" (the "Ordinance"), pursuant to which the City will issue General Obligation Tender Notes, Series 1986A and Series 1986B (the "Notes"); and

Whereas, the City and the Bank (as defined in the Ordinance) have entered into a Reimbursement Agreement (as defined in the Ordinance); and

Whereas, the City in the Ordinance has appointed Irving Trust Company, New York, New York as Paying Agent; and

Whereas, the City in Section 3(i) of the Ordinance has provided for tender by Noteholders of their Notes and has established certain procedures in respect thereto;

Now, Therefore, for and in consideration of the covenants herein made, and subject to the conditions herein set forth, the parties hereto agree as follows:

Section 1. Definitions. Except as otherwise defined herein, all words with initial capitals shall have the same meaning as defined in the Ordinance. All times in this Remarketing Agreement shall mean the local time prevailing in the City of New York, New York.

Section 2. Obligations of Remarketing Agent -- General.

(a) The City pursuant to the Ordinance has appointed the Remarketing Agent for the purpose of remarketing any Notes tendered pursuant to Section 3(i) of the Ordinance and any Notes purchased in lieu of redemption by the Paying Agent pursuant to Section 11(e) of the Ordinance.

(b) The Remarketing Agent hereby agrees to use its best efforts to offer for sale and to sell the Notes tendered pursuant to Section 3(i) of the Ordinance and any Notes purchased in lieu of redemption by the Paying Agent pursuant to Section 11(e) of the Ordinance, at a price of 100% of the principal amount thereof plus accrued interest, if any; provided, however, the Remarketing Agent shall not be obligated to offer and sell the Notes (i) if the Bank shall give notice to the Paying Agent to effect a redemption pursuant to Section 3(h) (iii) of the Ordinance, or (ii) if there is an Event of Default as defined in Section 32 of the Ordinance. Further, the Remarketing Agent shall not remarket the amount of Notes which the City may from time to time elect to purchase pursuant to Section 3(j) of the Ordinance, or the Notes of any Series which either bear interest at a Commercial Paper Rate during a Commercial Paper Rate Period or at a Fixed Rate.

(c) The obligation of the Remarketing Agent to pay or provide payment at 2:00 P.M. for the Notes which the Remarketing Agent has advised the Paying Agent at 1:00 P.M. it had remarketed shall be absolute and unconditional except only as to such Notes which are not received by the Remarketing Agent from the Paying Agent by 2:00 P.M.

(d) The Remarketing Agent at all times shall be construed to be acting as an agent for and on behalf of the City.

(e) The Remarketing Agent shall consult with the Comptroller at such times as he shall request and shall upon his request furnish information to him for the purpose of establishing the interest rates on the Notes. The Remarketing Agent shall inform the Comptroller not less than weekly, and at such other times as the Comptroller shall request, the minimum Interest Rate which, in the Remarketing Agent's opinion, is necessary to remarket the amount of Notes reasonably expected to be tendered at 100% of the principal amount thereof plus accrued interest. The Remarketing Agent will set the interest rate on the Notes under those circumstances and pursuant to the terms and conditions set forth in Sections 3(c) and (d) of the Ordinance.

(f) The Remarketing Agent will not have any obligation, responsibility or liability of any kind to the Noteholders, the City, the Bank or to any other person with respect to any determination that the Notes of any Series will or will not bear interest at the current or any other Short Term or Fixed Rate, including but not limited to any omission by the Remarketing Agent to consider any facts or circumstances or any resources or inputs, it being the intent of this Agreement that the Remarketing Agent may, in its unrestricted judgment, choose to consider no resources or inputs other than its own expertise.

Section 3. Paying Agent.

As a condition of the obligation of the Remarketing Agent to act pursuant to this Remarketing Agreement, a Paying Agent appointed by the City pursuant to the Ordinance shall at all times be in place, and the City shall pay or reimburse the Paying Agent for its reasonable fees, charges and expenses (including counsel fees) rendered or incurred in such capacity pursuant to the Ordinance, the Reimbursement Agreement and this Remarketing Agreement.

Section 4. Remarketing Fees.

(a) The City shall pay the Remarketing Agent as compensation for its services hereunder a fee of one-eighth of one percent (1/8%) of the principal amount of each Note remarketed by the Remarketing Agent subject to a maximum in each calendar year of one-eighth of one percent (1/8%) of the average principal amount of the Notes outstanding during any calendar year (the "Maximum Annual Compensation"), or to pay such other amounts as may be agreed upon from time to time by the City and the Remarketing Agent. Payments of all amounts due to the Remarketing Agent shall be made quarterly in arrears on each February 1, May 1, August 1 and November 1, commencing May 1, 1986. The period from the date of the initial delivery of the Notes to May 1, 1986 shall be considered the first quarterly period for purposes of this Section 4(a).

(b) When Notes are remarketed in connection with the change in the Interest Rate Determination Method to a Fixed Rate, the City and the Remarketing Agent will agree on a fee. The City will pay all expenses of delivering remarketed Notes and reimburse the Remarketing Agent for all direct, out-of-pocket expenses incurred by it as Remarketing Agent, including reasonable counsel fees and disbursements.

(c) The Remarketing Agent will not be entitled to compensation for any period after this Remarketing Agreement shall be terminated, except for a pro rata portion of the fee in respect of the quarter in which such termination occurs and amounts, if any, due from prior quarters. In the event the Remarketing Agent resigns during any calendar year for which it has received compensation for its services, the Remarketing Agent shall refund to the City "Excess Compensation", if any. "Excess Compensation" shall mean that positive amount, if any, determined by multiplying the Maximum Annual Compensation, assuming that no purchases for cancellation will be made by the City subsequent to the effective date of such resignation, by the percentage of the calendar year elapsed as of the date of the resignation of the Remarketing Agent and subtracting the resulting product from the amount of compensation actually received by the Remarketing Agent for such calendar year. Such refund shall be made to the City within fourteen (14) days after the effective date of such resignation.

(d) The City shall make all such payments directly to the Remarketing Agent upon presentation by the Remarketing Agent of quarterly statements of charges incurred. Any overpayments made by virtue of the recalculation of principal amount of Notes outstanding shall be refunded to the City within two weeks after such recalculation.

Section 5. Removal or Resignation of the Remarketing Agent.

The Remarketing Agent may be removed at any time by the City by giving at least thirty (30) Business Days' notice to the Remarketing Agent, the Trustee and the Paying

Agent. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Remarketing Agreement by giving at least thirty (30) Business Days' notice to the City, the Trustee and the Paying Agent.

Section 6. Tender for Purchase of Notes: Remarketing; Purchase.

(a) During a period when the Notes bear interest at a Daily Rate, any owner of a Note may tender such Note on any Business day by giving written or telephonic notice to the Remarketing Agent and the Paying Agent by 10:30 A.M. on that day, and, if the owner holds the Note, delivering such Note to the Remarketing Agent by 12:00 noon on the same day.

(b) During a period when the Notes bear interest at a Weekly Rate, any owner of a Note may tender such Note on any Business Day by giving written or telephone notice to the Remarketing Agent and the Paying Agent *not later than the seventh day preceding the date specified for the purchase of such Note in the notice* and, if the owner holds the Note, delivery of such Note to the Paying Agent by 10:00 A.M. on the date specified for the purchase in the notice.

(c) If an owner holds the Note that the owner wishes to tender, each delivery of Notes must be accompanied by an instrument of transfer satisfactory to the Paying Agent and the Remarketing Agent executed in blank by the owner of the Note with the owner's signature guaranteed by a bank, trust company or New York Stock Exchange member.

(d) The Paying Agent, upon receipt of each notice of tender described in Section 3(i) of the Ordinance will on the same Business Day confirm the substance of such notice by telephone with such persons as the Remarketing Agent may hereinafter designate in writing to the Paying Agent.

(e) Upon the receipt by the Remarketing Agent of the notice of tender described in Section 3(i) of the Ordinance and of the confirming communication by the Paying Agent or notice of purchase in lieu of redemption described in Section 11(c) of the Ordinance, the Remarketing Agent shall use its best efforts to offer for sale and to sell such Notes at a price equal to 100% of the principal amount thereof plus accrued interest, if any.

Section 7. Remarketing of Notes Held under the Custody Agreement.

In the event any Notes shall be held by the Paying Agent in the Custody Account, the Remarketing Agent shall use its best efforts to offer for sale and to sell such Notes at a price equal to the principal amount thereof plus accrued interest, if any, to the date of remarketing; provided, that the Remarketing Agent shall not remarket such Notes unless the Paying Agent shall have received an opinion of Bond Counsel stating that such remarketing will not adversely affect the exemption of interest on such Notes from Federal income taxation. If the Remarketing Agent shall successfully offer for sale and sell any such Notes, the Remarketing Agent shall purchase such Notes in accordance with Section 8 below.

Section 8. Purchase by the Remarketing Agent of Notes to be Remarketed.

(a) By 11:30 A.M. on any Business Day when Notes are tendered as described in Section 6(a) above or on any Business Day when the Remarketing Agent shall remarket any Notes to be purchased in lieu of redemption or held in the Custody Account, the Remarketing Agent shall give telephonic notice to the Paying Agent of its intent to remarket such Notes specifying (i) the aggregate principal amount of Notes for which the Remarketing Agent has found purchasers, (ii) the names, addresses, taxpayer identification numbers and denominations respecting which the remarketed Notes are to be issued and registered, and (iii) the method by which interest on such Notes is to be paid by the Paying Agent to the Noteholder on the Interest Payment Date as is provided in the Ordinance. The Paying Agent will prepare or cause to be prepared the Notes on the same Business Day.

(b) Not later than 2:00 P.M. on the same Business day, the Remarketing Agent shall pick-up the Notes from the Paying Agent, and shall pay therefor a purchase price equal to the principal amount thereof plus accrued interest, if any, by giving payment instructions to debit an account maintained by the Remarketing Agent with the Paying Agent, or making payment by such other method in immediately available funds as shall be mutually agreeable to the Remarketing Agent and the Paying Agent.

Section 9. Delivery of Notes. The Remarketing Agent's determination that all conditions necessary for the transfer of any Note delivered to the Paying Agent upon tender by a Noteholder have been complied with shall be a condition precedent to any transfer of such Note pursuant to this Remarketing Agreement.

Section 10. Dealing in Notes by Remarketing Agent. The Remarketing Agent, in its individual capacity, either as principal or agent, may in good faith buy, sell, own, hold and deal in any of the Notes, and may join in any action which any Noteholder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the City and may act as depository, trustee, or agent for any committee or body of Noteholders or other obligations of the City as freely as if it did not act in any capacity hereunder.

Section 11. Intention of Parties. It is the express intention of the parties hereto that no purchase, sale or transfer of any Notes, as herein provided, shall constitute or be construed to be the extinguishment of any Notes or the indebtedness represented thereby or the reissuance of any Notes or the refunding of any indebtedness represented thereby.

Section 12. Representations by City. As the basis for the undertakings on its part herein contained, the City represents that it is a home rule municipality duly organized and existing under the laws of the State of Illinois; it is fully empowered to enter into this Remarketing Agreement pursuant to its home rule powers and pursuant to necessary action taken by its corporate authorities; and the execution and delivery by it of this Remarketing Agreement and the performance of the agreements herein contained do not and will not contravene or constitute a default under any agreement, indenture, mortgage, loan agreement, commitment, or other existing requirements of law or any other agreement of any kind to which it is a party or by which it is or may be bound.

Section 13. Governing Law. This Remarketing Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

Section 14. Notices. Unless otherwise provided herein, all notices, certificates, requests or other communications hereunder shall be sufficiently given and shall be deemed delivered or given when delivered by hand or sent by telegram or tested telex or mailed by registered mail, postage prepaid, addressed as follows:

If to the City:

Comptroller's Office
City Hall, Room 501
121 North LaSalle Street
Chicago, Illinois 60602
Attention: City Comptroller

If to Paying Agent:

If to the Remarketing Agent:

Each of the recipients of notices under this Agreement listed above may, by written notice given hereunder to the others, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent. In addition, the parties hereto may agree to any other means by which subsequent notices, certificates, requests or other communications may be sent.

Section 15. Term of Remarketing Agreement. Unless otherwise terminated in accordance with the provisions hereof, this Remarketing Agreement shall remain in full force and effect from the date hereof until the payment in full of the Notes.

In Witness Whereof, the parties hereto have caused this Remarketing Agreement to be duly executed as of the day and year first above written.

[Signature forms omitted for printing purposes.]

Exhibit D.

REIMBURSEMENT AGREEMENT

BETWEEN

THE CITY OF CHICAGO

AND

Dated as of January 1, 1986

Reimbursement Agreement, dated as of January 1, 1986, between the City of Chicago (the "City") and (the "Bank").

Whereas, the City intends to issue and sell \$_____ aggregate principal amount of its General Obligation Daily Adjustable Tax Exempt Securities, Series 1986 A, B, and C (the "Notes") issued pursuant to an ordinance adopted by the City Council of the City on January ____, 1986; and

Whereas, in order to secure payment when due of the principal of and interest on each of the Notes, the City has requested the Bank to agree to issue an unconditional irrevocable transferable letter of credit in the form of Exhibit A hereto (the "Letter of Credit") in the amount of \$_____ of which \$_____ may be drawn in respect of the principal of the Notes and \$_____ may be drawn in respect of interest thereon;

Now, Therefore, in consideration of the premises and in order to induce the Bank to issue the Letter of Credit, the City and the Bank hereby agree as follows.

Article I.

Definitions.

Section 1.01 Definitions. Terms defined above shall have the meanings set forth above and the following terms shall have the following meanings:

"Advance" shall have the meaning set forth in Section 3.01.

"Agreement" shall mean this Reimbursement Agreement, as the same may be from time to time amended, supplemented or modified.

"Business Day" shall mean any day on which (i) banks located in the city, or each of the cities, as the case may be, in which the Principal Offices (as defined in the Ordinance) of the Trustee, Paying Agent and the Bank are located are not required or authorized to remain closed and (ii) The New York Stock Exchange, Inc. is not closed.

"Custody Agreement" shall mean the agreement dated as of January 1, 1986 between the Bank and _____ and any successor agreement thereto.

"Custody Account" shall have the meaning set forth in the Custody Agreement.

"Date Of Issuance" shall mean the date specified by the City as the date of issuance of the Letter of Credit.

"Debt" shall mean at any date, without duplication, (i) all general obligations for borrowed money and (ii) all general obligations evidenced by bonds, debentures, notes or other similar instruments. Such Debt of the City shall include Debt of others guaranteed by the City.

"Dollar-Day" means any day on which Advances bearing interest at the Initial Rate are outstanding hereunder. The "value" of a Dollar-Day shall be equal to the aggregate principal amount of all Advances bearing interest at the Initial Rate on each such day.

"Event of Default" shall have the meaning set forth in Section 9.01.

"Initial Rate" shall have the meaning set forth in Section 3.02.

"Initial Rate Availability Expiration Date" shall mean the date on which the aggregate value of Dollar-Days elapsed reaches _____.

"Interest Payment Date" shall have the meaning set forth in the Ordinance.

"Letter of Credit Amount" shall mean the maximum amount available to be drawn under the Letter of Credit and shall initially be \$ _____.

"Letter of Credit Note" shall have the meaning set forth in Section 3.01.

"Note Fund" shall have the meaning set forth in the Ordinance.

"Ordinance" shall mean the ordinance adopted by the City Council of the City on January ____, 1986 authorizing the issuance of the Notes and the Letter of Credit Note.

"Official Statement" shall mean the official statement document with respect to the Notes.

"Paying Agent" shall mean any other or successor paying agent appointed in accordance with the Ordinance.

"Permitted Investments" shall mean any of the following obligations or securities:

- (i) direct obligations of the United States of America and agencies thereof, or
- (ii) obligations fully guaranteed by the United States of America, or

(iii) certificates of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the states thereof having combined capital and surplus and retained earnings of at least \$300,000,000 (including the Trustee if such conditions are met), or

(iv) commercial paper of companies incorporated or doing business under the laws of the United States of America or one of the states thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's Corporation or Moody's Investor Service, Inc. (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States of America) equal to the highest rating assigned by such organization, or

(v) repurchase agreements with any financial institution having combined capital and surplus and retained earnings of at least \$300,000,000 with any of the obligations of the type described in clauses (i) through (iv) above as acceptable collateral, provided that the term of any such repurchase agreement shall not exceed 90 days.

"Person" shall mean an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a state, a government or political subdivision or an agency or instrumentality thereof.

"Preliminary Official Statement" shall mean the preliminary version of the Official Statement authorized to be distributed pursuant to the Ordinance.

"Prime Rate" for any day shall mean the rate of interest for such day publicly announced by _____ from time to time as its prime rate.

"Purchase Contract" shall mean the Contract of Purchase between the City and _____ as senior manager of the Underwriters named therein (including the other managers and itself) relating to the sale of the Notes.

"Remarketing Agent" shall mean the Remarketing Agent designated by the City with respect to the Notes.

"Series A Letter of Credit Amount" shall mean the maximum amount available to be drawn under the Letter of Credit with respect to Series A Notes and shall initially be \$ _____.

"Series B Letter of Credit Amount" shall mean the maximum amount available to be drawn under the Letter of Credit with respect to Series B Notes and shall initially be \$ _____.

"Series C Letter of Credit Amount" shall mean the maximum amount available to be drawn under the Letter of Credit with respect to Series C Notes and shall initially be \$ _____.

"Series A Notes" shall mean the City's General Obligation Daily Adjustable Tax Exemption Securities, Series 1985 A.

"Series B Notes" shall mean the City's General Obligation Daily Adjustable Tax Exemption Securities, Series 1985 B.

"Series C Notes" shall mean the City's General Obligation Daily Adjustable Tax Exemption Securities, Series 1985 C.

"State" shall mean the State of Illinois.

"Tender Advance" shall have the meaning set forth in Section 3.03.

"Tender Draft" shall have the meaning set forth in the Letter of Credit.

"Termination Date" shall have the meaning set forth in Section 2.02.

"Trustee" shall mean _____, as Trustee under the Ordinance and its successors, and any other bank or trust company at any time substituted in its place pursuant thereto.

Article II.

Issuance of Letter of Credit.

Section 2.01 The Letter of Credit. The Bank agrees, subject to the terms and conditions set forth herein and upon notice from the City to the Bank, to issue on or after January 15, 1986 the Letter of Credit in the aggregate amount of \$_____, of which \$_____ may be drawn in respect of the principal of the Notes and \$_____ may be drawn in respect of interest thereon as set forth in the Letter of Credit, to the Paying Agent for the account of the holders of the Notes. The Letter of Credit shall be in the form of Exhibit A hereto.

Section 2.02 The Termination of Letter of Credit. The Letter of Credit shall terminate on the earliest of (i) November 30, 199__, (ii) the date on which the Paying Agent delivers to the Bank written notice that all of the Notes have been redeemed in accordance with Section 3 of the Ordinance or purchased for cancellation in accordance with Sections 3 and 10 of the Ordinance and (iii) the date on which the Paying Agent shall have accepted an Alternate Letter of Credit (as defined in the Ordinance), in accordance with Section 16 of the Ordinance, in substitution for the Letter of Credit. The earliest of such dates is referred to herein as the "Termination Date".

Article III.

Letter of Credit Note.

Section 3.01 Letter of Credit Note. Each amount paid upon a drawing under the Letter of Credit shall be reimbursed on the day paid, provided that any such amount not reimbursed on the day so paid shall constitute an advance (individually, an "Advance" and collectively, "Advances") to the City on the date so paid by the Bank which the City shall be obligated to repay as provided herein. Advances shall be evidenced by a full faith and credit

general obligation Letter of Credit Note in the form of Exhibit B hereto, to be delivered to the Bank on the Date of Issuance. Such Letter of Credit Note shall be dated the Date of Issuance. The Bank shall, and is hereby authorized by the City to, endorse on the schedule forming a part of the Letter of Credit Note appropriate notations evidencing the date, amount and maturity of each Advance evidenced by such Letter of Credit Note and the date and amount of each payment of principal thereof.

Section 3.02 Interest on the Advances. Each Advance shall bear interest on the unpaid principal amount thereof at the following rates:

(a) Subject to the provisions of paragraphs (c), (d), (e) and (f) of this Section, for each of the first thirty days that an Advance is outstanding, at a rate per annum equal to the sum of the Overnight Effective Federal Funds Rate for such day as quoted in the "Composite Closing Quotations for U. S. Government Securities" published by the Federal Reserve Bank of New York plus 1/2 of 1% (the "Initial Rate").

(b) Thereafter until due and payable, at a rate per annum equal to the Prime Rate from time to time in effect.

(c) No Advance shall bear interest at the Initial Rate after the Initial Rate Availability Expiration Date. The Bank shall inform the City in writing of the date that is the Initial Rate Availability Expiration Date and thereafter all Advances shall bear interest at a rate per annum equal to the Prime Rate from time to time in effect.

(d) No Advance shall bear interest at the Initial Rate after the maturity date of the Notes to which such Advance relates. After such date each such Advance shall bear interest at a rate per annum equal to the Prime Rate from time to time in effect.

(e) Upon the redemption of Notes pursuant to subclause (h)(ii) of Section 3 of the Ordinance, each Advance shall bear interest at a rate per annum equal to the sum of the Prime Rate from time to time in effect plus 2%.

(f) Any Advance, together with accrued interest thereon, or any portion thereof, not paid on the applicable due date set forth in Section 3.03 shall bear interest payable on demand at a rate per annum equal to the sum of the Prime Rate from time to time in effect plus 2% per annum.

Interest payable pursuant to paragraphs (a), (b), (c), (d) and (e) above shall be payable in arrears on the first day of each calendar month, and upon prepayment or maturity of the relevant Advance. Each Advance shall bear interest from and including the date of payment upon the drawing under the Letter of Credit giving rise to such Advance until but not including the date on which it is repaid in full. Interest shall be computed on the basis of a year of 365 days (366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day).

Section 3.03 Repayment of Advances. The principal amount of Advances evidenced by the Letter of Credit Note shall become due and payable and shall be repaid as provided below:

(a) Each Advance that arises from payment of a draw under the Letter of Credit to pay principal of or interest on Notes tendered to the Paying Agent and purchased in accordance with sub-clause (i) of Section 3 of the Ordinance (a "Tender Advance") shall be repaid in full, together with accrued interest thereon, on the date that is the earliest of (i) the date on which such Notes are remarketed, (ii) the date on which such Notes are purchased for cancellation pursuant to sub-clause (i) of Section 3 of the Ordinance, or (iii) the date on which Advances relating to such Notes mature pursuant to paragraphs (b), (c), and (d) of this Section.

(b) Except as provided in paragraphs (d) and (e) of this Section, each Advance that arises from payment of a draw under the Letter of Credit to pay interest on Series A Notes or Series B Notes on an Interest Payment Date or principal of or interest on Series A Notes or Series B Notes upon optional redemption or at maturity shall be repaid in full, together with accrued interest thereon, on December 31, 1987.

(c) Except as provided in paragraphs (d) and (e) of this Section, (i) each Advance that arises from payment of a draw under the Letter of Credit to pay principal of or interest on Series C Notes at maturity shall be repaid in full, together with interest thereon on December 31, 199__ and (ii) each Advance that arises from payment of a draw under the Letter of Credit to pay interest on Series C Notes on an Interest Payment Date or Principal of or interest on Series C Notes upon optional redemption shall be repaid in full, together with accrued interest thereon, in equal installments on December 31 of the year in which each such payment is made and December 31 of each year thereafter up to and including December 31, 1990.

(d) If any event or condition shall which results in the acceleration of the maturity of any Debt of the City, then each Advance outstanding on the date of such acceleration shall be repaid in full, together with interest thereon, on written demand to the City from the Bank.

(e) If subsequent to the Issue Date the City issues any Debt which enables the holder of such Debt or any Person acting on such holder's behalf to accelerate such Debt upon the occurrence of an event of default under such Debt, then each Advance that arises from payment of a draw under the Letter of Credit to pay principal of and interest on Notes upon the redemption of Notes pursuant to sub-clause (h) (ii) of Section 3 of the Ordinance and each Advance arising out of prior draws under the Letter of Credit outstanding on the date of such redemption shall be repaid in full, together with interest thereon, on written demand to the City from the Bank.

(f) All payments made, or caused to be made, by the City to the Bank hereunder shall be made in lawful currency of the United States and in immediately available funds at the account of the Bank in New York specified in the Letter of Credit Note. Payment in accordance with the foregoing to the Bank shall discharge the obligation of the City to make such payment.

(g) Whenever any payment by the City under any provision of this Agreement shall be due on a day which is not a Business Day, the date for payment thereof shall be

extended to the next succeeding Business Day, together with interest thereon for such extended time at the applicable rate in effect.

(h) Upon making any payment or causing any payment to be made to the Bank as required or permitted by Article III hereof, the City shall (i) inform the Bank whether such payment is in reimbursement of a draw under the Letter of Credit on the day of such payment or in payment of an Advance and (ii) if the amount of such payment is less than the amount required to reimburse the Bank in full for such draw or to pay outstanding Advances in full, as the case may be, the City shall designate the Series of Notes in respect of which such reimbursement is being made or the Advances being paid, as the case may be. If the City does not comply with the requirements of the previous sentence, the Bank may, in its discretion, apply such amount to the reimbursement of such draw relating to any one or more Series of Notes or the payment of any outstanding Advances, provided that if the Bank is informed by the City that such amount is being paid from a specific account in the Note Fund, such amount shall be applied only to reimbursement of a draw or payment of Advances to be paid from such account pursuant to the ordinance. The preceding two sentences shall not be applicable to any payment of proceeds of the resale of Notes tendered pursuant to subsection (i) of Section 3 of the Ordinance, which shall be applied as set forth in Section 3.04(b) of this Agreement;

Section 3.04 Prepayment of Advances. (a) The City may at any time and from time to time prepay or cause to be prepaid any Advance in whole or in part, and, if in part in amounts aggregating not less than \$100,000 and any integral multiple thereof, without penalty or premium, together with interest accrued thereon to the date of prepayment. It is understood that (i) the Letter of Credit provides that if the Paying Agent receives notice from the Bank not earlier than 5 calendar days and not later than 10 calendar days from the date of a drawing under the Letter of Credit by an Interest Draft (as defined in the Letter of Credit) that an Advance arising from such drawing has not been prepaid in full, the right to draw on the Letter of Credit by an Interest Draft shall not be reinstated and (ii) the Ordinance provides that if the right to draw on the Letter of Credit by an Interest Draft is not reinstated, the Paying Agent shall call the Notes for redemption.

(b) Simultaneously with the resale of any Notes held by the Paying Agent in the Custody Account on behalf of the Bank the City shall cause the proceeds of such resale to be paid to the Bank to the extent of any outstanding Tender Advances, together with accrued interest thereon, relating to such Notes. Such proceeds shall be applied by the Bank in full in repayment of such outstanding Tender Advances and the City shall, on the day of such resale, pay to the Bank any additional amounts required to pay such outstanding Tender Advances in full.

Any interest paid to the Bank in respect of Notes held by the Paying Agent in the Custody Account on behalf of the Bank shall be applied by the Bank first in reduction of interest to be paid on Tender Advances relating to such Notes and then in reduction of the principal of such Advances. Any excess after such applications shall be paid to the City.

(c) The City covenants and agrees that on December 31, 198__ it shall prepay or cause to be prepaid any Advance, together with accrued interest thereon, arising from payment of a draw under the Letter of Credit to pay principal of or interest on Series A

Notes prior to the maturity of such Notes, to the extent the City has legally available funds to make such prepayment on such date.

(d) Advances, together with accrued interest thereon, relating to any Series of Notes shall be prepaid to the extent the Trustee, pursuant to Section 15 of the ordinance and on demand of the Bank, pays to the Bank moneys deposited in the respective accounts within the Note Fund.

Article IV.

Other Payments.

Section 4.01 Other Payments. (a) The City agrees to pay to the Bank fees with respect to the Letter of Credit until the termination of the Letter of Credit in the following amounts:

(i) 0.25% per annum of the Series A Letter of Credit Amount in effect on the date such payment is required to be made;

(ii) 0.325% per annum of the Series B Letter of Credit Amount in effect on the date such payment is required to be made; and

(iii) 0.4% per annum of the Series C Letter of Credit Amount in effect on the date such payment is required to be made.

Fees to be paid pursuant to this paragraph (a) shall be paid semi-annually in advance, commencing on the Date of Issuance (for the period from the Date of Issuance through June 30, 198__) and thereafter on July 1 and January 1 of each year. The Bank agrees that the City shall have no obligation to pay fees pursuant to this paragraph (a) during the continuance of a failure by the Bank to make payment upon a valid draw under the Letter of Credit.

(b) If any change in the law or regulation of the United States or any state thereof or in the interpretation thereof by any court or administrative or governmental authority charged with the administration thereof shall either (i) impose, modify or deem applicable any reserve, special deposit or similar requirement against letters of credit issued by the Bank or (ii) impose on the Bank any other condition regarding the Letter of Credit, and the result of any event referred to in clause (i) or (ii) above shall be to increase the cost to the Bank of issuing or maintaining the Letter of Credit (which increase in cost shall be the result of the Bank's reasonable allocation of the aggregate of such cost increases resulting from such events), then upon thirty days' notice from the Bank, the City shall on the Interest Payment Date next succeeding the end of such notice period pay to the Bank all additional amounts which are necessary to compensate the Bank for such increased cost incurred by the Bank. The Notice referred to in the previous sentence shall state the nature of the event giving rise to such notice and shall include a certificate, itemized in detail, as to the increased costs incurred by the Bank as a result of such event, which certificate shall be conclusive (absent manifest error) as to the amount of such increased costs. The City will also pay to the bank, on notice by the Bank on behalf of any participating bank referred to in Section 10.04 of this Agreement and in accordance with the above procedure, any additional amounts which are necessary to compensate such

participating bank for increased costs described in clause (i) or clause (ii) above incurred by such participating bank. The Bank shall not demand payment more frequently than once in any sixty day period. All payments of increased costs shall bear interest thereon if not paid within two Business Days after the Interest Payment Date when due until payment in full at a rate of interest per annum equal to 2% plus the Prime Rate in effect from time to time. The Bank will use good faith and reasonable efforts to minimize the amount of such increased costs. The Bank agrees that if it becomes entitled to invoke the provisions of this Section, it will, if requested by the City, use good faith and reasonable efforts to designate another agency or branch of the Bank in the United States at which to book its obligations under the Letter of Credit, with the object of avoiding such increase in costs provided that such designation can be made on such terms that the Bank and such other agency or branch suffer no economic, legal or regulatory disadvantage.

Article V.

Conditions.

Section 5.01 Conditions Precedent to Issuance of Letter of Credit. (a) The Bank will issue the Letter of Credit upon the request of the City in accordance with Section 2.01 and subject to fulfillment of the conditions set forth in subsections (b), (c), (d) and (e) below.

(b) The Bank shall have received on or before the Date of Issuance the following, each dated on or as of such date, in form and substance satisfactory to the Bank:

(i) Evidence satisfactory to counsel for the Bank of the adoption by the City Council of the Ordinance;

(ii) opinions of the Corporation Counsel of the City, and Chapman and Cutler and Richard H. Newhouse, Esq., Bond Counsel, in the forms attached as Exhibits C1 and C2 hereto;

(iii) an opinion of Davis Polk & Wardwell, special United States counsel for the Bank, in the form attached as Exhibit D1 hereto;

(iv) an opinion of Braun Moriya Hoashi and Kubota, special Japanese counsel for the Bank, in the form attached as Exhibit D2 hereto;

(v) an executed copy (or duplicates thereof) of the Purchase Contract;

(vi) a certificate of the City Clerk of the City, certifying the name and true signature of the officer of the City authorized to execute this Agreement and the Letter of Credit Note;

(vii) the amounts specified to be paid on the Issuance Date pursuant to Section 4.01(a); and

(viii) such other documents, instruments, approvals or opinions as the Bank may reasonably request.

(c) The representations and warranties contained in Section 7.01 hereof shall be correct on and as of the Date of Issuance as though made on and as of such date and no Event of Default and no condition or event which, with the giving of notice or lapse of time or both, would become such an Event of Default shall have occurred and be continuing on the Date of Issuance and the Bank shall have received a certificate signed by the Comptroller of the City, dated the Date of Issuance, to that effect.

(d) On or before the Date of Issuance:

(i) all conditions precedent to the issuance of the Notes shall have occurred:

(ii) the City shall have duly executed, issued and sold the Notes to the Underwriters as contemplated by the Purchase Contract and the City shall have duly executed, issued and delivered the Letter of Credit Note to the Bank; and

(iii) the Bank and _____ shall have entered into the Custody Agreement.

Article VI.

Obligations Absolute.

Section 6.01 Obligations Absolute. The obligations of the City to make payments under this Agreement and the Letter of Credit Note shall be unconditional and irrevocable, and shall be performed in accordance with the terms of this Agreement, under all circumstances, including without limitation the following circumstances:

(a) any lack of validity or enforceability of the Letter of Credit or the Letter of Credit Note;

(b) any amendment or waiver of or any consent to departure from the Ordinance;

(c) the existence of any claim, set-off, defense or other rights which the City may have at any time against the Paying Agent, any beneficiary or any transferee of the Letter of Credit (or any Persons for whom the Paying Agent, any such beneficiary or any such transferee may be acting), the Bank or any other Person, whether in connection with this Agreement, any related documents or any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(d) any statement or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate;

(e) payment under the Letter of Credit by the Bank to the Service Fund (as defined in the Ordinance) against presentation of a draft or certificate which does not comply with the terms of the Letter of Credit; or

(f) any other circumstance or happening whatsoever, whether or not similar to the foregoing.

Article VII.

Representations and Warranties.

Section 7.01 Representations and Warranties of the City. The City hereby represents and warrants to the Bank that:

(a) The City has full legal right, power and authority (i) to enter into this Agreement, and (ii) to execute and deliver the Letter of Credit Note as provided herein and in the Ordinance; and the City has duly authorized and approved the execution and delivery of the Letter of Credit Note and this Agreement and the performance by the City of its obligations thereunder and hereunder;

(b) No further authorization or approval is required for the execution and delivery of this Agreement or the Letter of Credit Note by the City and this Agreement and the Letter of Credit Note constitute legal, valid and binding obligations of the City, enforceable in accordance with their respective terms; and no further authorization or approval is required for the performance by the City of its obligations hereunder or thereunder;

(c) The City, acting through the Mayor and the Comptroller, has duly authorized and approved the Preliminary Official Statement and has duly authorized, approved and executed the Official Statement;

(d) The Ordinance has been duly adopted for the City by the City Council, is in full force and effect and is a contract with the holders of the Notes and with the Bank and is a legal, valid and binding obligation of the City, enforceable by the Bank in accordance with its terms;

(e) The Letter of Credit Note when issued and delivered by the City to the Bank pursuant to this Agreement will, to the extent of any Advances evidenced thereby, constitute a general obligation of the City to which the full faith and credit of the City is pledged and for the payment of principal of and interest on which taxes will be levied and proceeds of taxes levied will be applied as provided in the Ordinance;

(f) Upon reliance on the opinion of Bond Counsel, payments of interest on the Letter of Credit Note are exempt from federal income taxation;

(g) No consent or approval of, or registration or declaration with, any Federal, State or other governmental commission, board, regulatory body or instrumentality, other than under state blue sky or securities laws and other than the approval of the City Council (which approval has been obtained), is or was required in connection with any of the actions of the City described in subparagraph (a), (b), (c), (d) or (e) of this Section 7.01, nor is any election or referendum of voters required in connection therewith;

(h) All legislation (except for the tax levy ordinance provided for in Section 21 of the Ordinance) necessary to fulfill the terms and conditions of, and to carry out the transactions contemplated by the Ordinance, this Agreement, the Letter of Credit Note and the Purchase Contract is in full force and effect;

(i) The execution and delivery of this Agreement and the Letter of Credit Note by the City, and the carrying out of the transactions contemplated by the Ordinance, this Agreement, the Purchase Contract and the Letter of Credit Note do not and will not conflict with or constitute on the part of the City a breach of, or a default under, any existing law (including, without limitation, the Constitution of the State), any court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the City is subject or by which it is bound;

(j) The Preliminary Official Statement, as of the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the Preliminary Official Statement, or the statements and information therein contained, in light of the circumstances under which they were made, not misleading, provided that the foregoing shall not apply to any information provided by the Bank to the City for inclusion therein and appearing in Appendix B thereof;

(k) The Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the Official Statement, or the statements and information therein contained, in light of the circumstances under which they were made, not misleading, provided that the foregoing shall not apply to any information provided by the Bank to the City for inclusion therein and appearing in Appendix B thereof;

(l) Except as disclosed, prior to the execution of this Agreement, in the Preliminary Official Statement, the Official Statement or in writing to the Bank, no litigation is pending (or to the knowledge of the City threatened) against the City in any court (i) to restrain or enjoin the delivery by the City of the Notes or the Letter of Credit Note, or (ii) in any manner questioning the authority of the City to issue, or the issuance or validity of, the Letter of Credit Note, the Notes or any other Debt of the City or (iii) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the issuance of the Notes or the Letter of Credit Note, or (iv) questioning any of the legislation referred to in Section 7.01(h), or (v) questioning the validity or enforceability of the Ordinance or (vi) questioning in any manner the levy, collection or deposit or proposed levy, collection or deposit of any material portion of the revenues of the City pledged to the repayment of the Letter of Credit Note, or (vii) contesting in any way the completeness, accuracy or fairness of the Preliminary Official Statement or the Official Statement or (viii) which might in any material respect adversely affect the transactions contemplated herein and in the Official Statement, and the entitlement of any members of the City Council and of any officers of the City executing this Agreement, the Letter of Credit Note or any document delivered hereunder to their respective positions are not being contested;

(m) The representations and warranties of the City set forth in the Purchase Contract are true and correct;

(n) The proceeds of taxes of the City pledged pursuant to Section 22 of the Ordinance, the taxes levied pursuant to Section 23 of the Ordinance and the taxes to be levied pursuant to Section 21 of the Ordinance for payment of the Notes and the Letter of Credit Note have not been, and will not be, pledged by the City to the payment of any other obligation, and upon payment to the Trustee for deposit in the Note Fund, will not be subject to any prior claim or prior lien;

(o) Any debt evidenced by the Letter of Credit Note will rank at least equally in right of payment by the City with all other full faith and credit general obligations of the City not secured by a pledge of specific revenues of the City;

(p) The City's 1986 Cash Flow Projection, copies of which have been furnished to the Bank, are based on data and assumptions which, to the best knowledge of the City, are accurate and complete in all material respects and have been prepared in accordance with the City's customary financial practices applied on a consistent basis;

(q) Subsequent to the respective dates as of which information is given in the Official Statement there has not been any material adverse change in the financial position, or prospects or projections, results of operations or condition, financial or otherwise, of the City, except as described in the Official Statement or the City's 1986 Cash Flow Projection referred to in paragraph p above;

(r) There is no amendment, or proposed amendment certified for placement on a statewide ballot, to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any legislation which has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which is to materially adversely affect the Notes, the Letter of Credit Note or the Letter of Credit, or any holder or beneficiary thereof in his capacity as such; and

(s) The City is a "home rule unit" as that term is defined in Section 6 of Article VII of the 1970 Constitution of the State, the City having a population in excess of 25,000 and having not elected by referendum not to be such a home rule unit. Pursuant to the provisions of Section 6(a) of Article VII and subject to the limitations of that Article, the City may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to tax and to incur debt.

Section 7.02 Representations and Warranties of the Bank. The Bank represents and warrants as of the date hereof that:

(a) The execution, delivery and performance by the Bank of this Agreement and the Letter of Credit are within its corporate power, have been duly authorized by all necessary corporate action, and require no action by or in respect of, or filing with, any governmental body, agency or official (other than under any state blue sky or securities laws);

(b) This Agreement constitutes a valid and binding agreement of the Bank, and the Letter of Credit, when executed and delivered in accordance with this Agreement, will constitute a valid and binding obligation of the Bank, enforceable in accordance with

their respective terms except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and the availability of equitable remedies may be limited by equitable principles of general applicability; and

(c) The financial statements of the Bank delivered to the City for inclusion in the Preliminary Official Statement and Official Statement present fairly the financial position of the Bank as of March 31, 198__ and the results of the Bank's operations for the year then ended in conformity with accounting principles generally accepted in Japan applied on a consistent basis.

Article VIII.

Covenants.

The City hereby agrees that:

Section 8.01 Information. The City will deliver to the Bank (i) in as many copies as it shall request, as soon as available, the following documents:

- (a) the annual financial statements of the City;
- (b) the City's annual budget and the City's annual appropriation ordinance;
- (c) the City's quarterly statements of receipts and disbursements; and
- (d) any disclosure documents distributed in connection with any public issue of Debt of the City;

and (ii) from time to time such additional information regarding the financial condition of the City as the Bank may reasonably request. Promptly upon becoming aware of the existence of an occurrence which would, with the lapse of time or giving of notice, or both, lead to an Event of Default the City shall give notice to the Bank of such occurrence, which notice shall state what action the City proposes to take in regard to such occurrence.

Section 8.02 Inspection of Records. Upon reasonable request of the Bank and during normal business hours, the City will give the Bank, or any attorney-in-fact or counsel therefor, access to and permission to examine, copy or make excerpts from, any and all books, records and documents under control of the Comptroller of the City relating to the financial condition of the City.

Section 8.03 Compliance with Law. The City will comply with and observe the obligations and requirements set forth in the Ordinance and in the Constitution of the State and in all statutes and regulations binding upon it relating to the Notes, the Letter of Credit Note or this Agreement.

Section 8.04 Payment of Proceeds of Taxes into Note Fund. The City will cause the City Treasurer to deposit into the appropriate accounts in the Note Fund the proceeds of taxes levied pursuant to Sections 21 and 23 of the Ordinance. A pro rata share, based on the

proportion that the taxes levied pursuant to such Sections in each year bears to the total amount of taxes levied by the City in such year, of each installment of taxes received by the City shall be deposited into the appropriate accounts in the Note Fund.

The City shall cause the City Comptroller to direct the City Treasurer to deposit the proceeds of taxes pledged pursuant to Section 22 of the Ordinance into the appropriate account in the Note Fund as follows:

(i) a pro rata share, based on the proportion that \$_____ bears to the total amount of taxes levied for the year 198__ for payment into the City's Corporate Fund, of each payment of proceeds of such taxes into such Fund;

(ii) a pro rata share, based on the proportion that \$_____ bears to the total amount of taxes levied for the year 198__ for payment into the Chicago Public Library (Maintenance and Operation) Fund, of each payment of proceeds of such taxes into such Fund;

(iii) a pro rata share, based on the proportion that \$_____ bears to the total amount of taxes levied for the year 198__ for payment into the City's Judgment Fund, of each payment of proceeds of such taxes into such Fund;

(iv) a pro rata share, based on the proportion that \$_____ bears to the total amount of taxes levied for the year 198__ for payment into the City Relief (General Assistance) Fund, of each payment of proceeds of such taxes into such Fund; and

(v) a pro rata share, based on the proportion that \$_____ bears to the total amount of taxes levied for the year 198__ for payment into the Chicago Public Library (Building and Sites) Fund, of each payment of proceeds of such taxes into such Fund.

Nothing contained in this Section 8.04 shall prevent the City from making payments into the appropriate accounts in the Note Fund sooner than required by this Section, nor shall the provisions hereof be construed as requiring or permitting the City to pay into the Note Fund greater or lesser amounts than the amounts required by the Ordinance.

Section 8.05 Permitted Investments. The City will cause the City Treasurer to direct the Trustee to invest moneys in the Note Fund only in Permitted Investments.

Section 8.06 Maximum Interest Rate on Notes. The rate of interest on the Notes established by the City pursuant to sub-clauses (d) and (i) of Section 3 of the Ordinance will at no time exceed ten percent per annum.

Article IX.

Events of Default.

Section 9.01 Events of Default. The occurrence and continuance of any one or more of the following events shall be an Event of Default:

(a) Payment of any amount of principal of or interest on the Letter of Credit Note shall not be made when the same shall become due and payable; or

(b) Any representation or warranty made by the City in this Agreement, or any statement or representation made by or on behalf of the City in any document delivered hereunder, shall prove to have been incorrect in any material respect when made; or

(c) The City shall default in the due and punctual performance of the undertakings contained in Sections 21, 22, and 23 of the Ordinance; or

(d) The City shall fail to pay when due any principal of or interest on Debt of the City in an aggregate principal amount in excess of \$1,000,000 or any event shall occur as a result of which any holder or holders (or a trustee on behalf of such holders) of any Debt of the City in an aggregate principal amount in excess of \$1,000,000, shall have the right to accelerate the maturity of such Debt; or

(e) The City shall default in the due and punctual performance of any other of the covenants, agreements and provisions contained in the Ordinance, this Agreement or in the Letter of Credit Note to be performed by the City and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by the Bank; or

(f) The City shall become insolvent or admit in writing its inability to pay its debts as they mature or shall declare a moratorium on the payment of its debts or apply for, consent to or acquiesce in the appointment of a trustee or receiver for itself or any part of its property, or shall take any action to authorize or effect any of the foregoing; or in the absence of any such application, consent or acquiescence, a trustee or receiver shall be appointed for it or for a substantial part of its property or revenues and shall not be discharged within a period of thirty (30) days; or all, or any substantial part, of the property of the City shall be condemned, seized, or otherwise appropriated, or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding shall be instituted by or against the City (or any action shall be taken to authorize or effect the institution by it of any of the foregoing) and if instituted against it, shall be consented to or acquiesced in by it, or shall not be dismissed within a period of thirty (30) days; or

(g) The City shall default in the payment when due of any amount payable pursuant to Section 4.01(a) of this Agreement and such default shall continue for five (5) days after notice of such default shall have been given to the City by the Bank.

Upon the occurrence and continuance of any Event of Default the Bank may, by written notice to the City, the Paying Agent, the Remarketing Agent and the Trustee, direct the Paying Agent to call the Notes for redemption as provided in sub-clause (h)(ii) of Section 3 of the Ordinance.

Article X.

Miscellaneous.

Section 10.01 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or the Letter of Credit Note nor consent to any departure by the City therefrom shall in any event be effective unless the same shall be in writing and signed by the City and the Bank. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 10.02 Notice. All notices, requests and other communications to any Person hereunder shall be in writing (including bank wire, telegram, telecopier, telex or similar writing) and shall be given to such Person, addressed to it, at its address or telecopier or telex number set forth below or such other address or telecopier or telex number as such Person may hereafter specify for the purpose by notice to the City and the Bank. Each such notice, request or communication shall be effective (i) if given by telex or telecopy, when such telex or telecopy is transmitted to the telex or telecopy number specified below and the appropriate answerback is received, (ii) if given by mail five days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified below.

Person	Address
City of Chicago	Comptroller's Office City Hall, Room 501 121 North LaSalle Street Chicago, Illinois 60602 Attn: City Comptroller Telecopy: (312) 744-8401

Telex:

[Address]

as Paying Agent

Attn:

Telecopy:

[Trustee]

Attn:

Telex:

Section 10.03 No Waiver; Remedies. No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 10.04 Continuing Obligation. The obligations of the City under this Agreement shall continue until the later of (i) the Termination Date or (ii) the date upon which all amounts to be paid by the City hereunder shall have been paid in full, and shall (a) be binding upon the City and (b) inure to the benefit of and be enforceable by the Bank and its successors, transferees and assigns; provided, however, that the City may not assign all or any part of this Agreement without the prior written consent of the Bank. The Bank may grant participations to other banking institutions in portions of its obligations under the Letter of Credit and in the Advances evidenced by the Letter of Credit Note, provided that any instrument or agreement under which such participation is granted shall provide that such participating bank or banks agree to be bound by the last two sentences of Section 4.01(b).

Section 10.05 Transfer of Letter of Credit. The Letter of Credit may be transferred in accordance with the provisions set forth therein.

Section 10.06 Liability of the Bank. As against the Bank, the City assumes all risks of the acts or omissions of the Paying Agent and any transferee of the Letter of Credit with respect to its use of the Letter of Credit. Neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of the Letter of Credit or for any acts or omissions of the Paying Agent and any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any indorsement thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by the Bank to the Paying Agent or any transferee of the Letter of Credit against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making payment under the Letter of Credit, except only that the City shall have a claim against the Bank, and the Bank shall be liable to the City, to the extent, but only to the extent, of any direct, as opposed to consequential, damages

suffered by the City which the City proves were caused by (i) the Bank's willful misconduct or gross negligence in determining whether documents presented under the Letter of Credit comply with the terms thereof or (ii) the Bank's failure to pay under the Letter of Credit after the presentation to it by the Paying Agent (or a transferee to whom the Letter of Credit has been transferred in accordance with its terms) of a draft and certificate strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary unless the Paying Agent (or a transferee of the Letter of Credit) and the City shall notify the Bank prior to acceptance that such documents do not comply with the Letter of Credit.

The City hereby indemnifies and holds the Bank harmless from and against any and all claims, damages, losses, liabilities, costs or expenses (including fees and expenses of counsel for the Bank, approved by the City, provided that the approval of such counsel by the City shall not be withheld unreasonably) which the Bank may incur or which may be claimed against the Bank by any Person by reason of any inaccuracy in any material respect, or any untrue statement or alleged untrue statement of any material fact, contained in the Preliminary Official Statement (except for Appendix B thereto) or the Official Statement (except for Appendix B thereto) or any amendment or supplement thereto, or by reason of the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances under which they were made, not misleading. No indemnity shall be payable by the City pursuant to the preceding sentence if the Bank makes any settlement of any such claim without the consent of the City, which consent shall not be withheld unreasonably. The Bank shall promptly notify the City of any such claim. The City reserves the right to intervene in any action based on such claim and the Bank shall not oppose such intervention.

Section 10.07 Costs, Expenses and Taxes. The City agrees to pay on demand all reasonable costs and expenses in connection with the preparation, execution, delivery and administration of this Agreement, the Letter of Credit and the Letter of Credit Note and any other documents which may be delivered in connection herewith or therewith, including, without limitation, the reasonable fees and out-of-pocket expenses of Davis Polk & Wardwell, as special United States counsel for the Bank and with respect to advising the Bank as to its rights and responsibilities under this Agreement or any waiver or amendment of, or the enforcement of, this Agreement or the Letter of Credit Note and such other documents which may be delivered in connection with this Agreement. In addition, the City shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution and delivery of this Agreement and the Letter of Credit Note and such other documents and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees, provided, that the Bank agrees promptly to notify the City of any such taxes and fees.

Section 10.08 Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 10.09 Setoff. In addition to, and without limitation of, any rights of the Bank under applicable law, if the City becomes insolvent, however evidenced, or any Event of Default occurs and is continuing, any indebtedness from the Bank to the city (excluding any trust accounts and other security and cash held in an agency capacity pursuant to a written agreement with respect to the agency and trust capacity between the City and the Bank) may be offset and applied toward the payment of the Advances, whether or not the Advances, or any part thereof, shall then be due; provided, however, that the Bank hereby agrees to waive, at any time after the commencement of a proceeding in bankruptcy or reorganization with respect to the City, its rights to set off any and all deposits or other moneys at any time held and other indebtedness at any time owing by the Bank for the credit or the account of the City against any and all obligations. Notwithstanding the foregoing, the waiver of the Bank set forth above shall be of no force or effect at such time as, if in the unqualified opinion of nationally recognized counsel experienced in bankruptcy matters, due to legislative or judicial developments after the date hereof, the absence of such waiver or failure to comply therewith will not constitute a basis for the granting of injunctive relief against payment under the Letter of Credit.

Section 10.10 Additional Collateral. The Bank hereby covenants and agrees that if at any time it shall obtain or take any additional collateral security for the obligations of the City hereunder or under the Letter of Credit Note, it shall cause the same to be granted to it and the beneficiary of the Letter of Credit by the City for the pro rata benefit and security of (i) itself to secure such obligations, and (ii) the beneficiary of the Letter of Credit to secure the Notes, if and to the extent that the Notes are supported by the Letter of Credit. The foregoing provisions of this Section 10.10 shall only be applicable if and to the extent that proceeds of collateral are applied to the obligations of the City hereunder or under the Letter of Credit Note and the Bank shall be free to first make applications to other indebtedness, obligations and liabilities of the City to it. The beneficiary of the Letter of Credit may only receive the benefits of the provisions of this Section 10.10 if and to the extent that such benefits are applied to the payment of amounts which could have been drawn under the Letter of Credit and all rights under this provision shall cease upon the receipt by the beneficiary of all amounts which may be drawn under the Letter of Credit.

Section 10.11 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

Section 10.12 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

In Witness Whereof, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

[Signature forms omitted for printing purposes.]

Annex A.

Certificate For The Reduction
Of Amounts Available Under
Irrevocable Letter Of Credit No. _____
Dated _____

The undersigned, a duly authorized officer of the undersigned Paying Agent (the "Paying Agent"), hereby certifies to _____ (the "Bank"), with reference to Irrevocable Letter of Credit No. _____ (the "Letter of Credit", the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Paying Agent that:

(1) The Paying Agent is the Paying Agent under the Ordinance for the holders of the Notes.

(2) The Paying Agent hereby notifies you that on or prior to the date hereof the principal amount of Notes which have been (i) redeemed and paid pursuant to the Ordinance, (ii) paid at maturity or (iii) purchased by the City for cancellation pursuant to the Ordinance, is as follows:

Series A Notes	-	\$ _____	redeemed and paid.
		\$ _____	matured and paid.
		\$ _____	purchased for cancellation.
Series B Notes	-	\$ _____	redeemed and paid.
		\$ _____	matured and paid.
		\$ _____	purchased for cancellation.
Series C Notes	-	\$ _____	redeemed and paid.
		\$ _____	matured and paid.
		\$ _____	purchased for cancellation.

(3) Following the redemption, maturity and payment or purchase referred to in paragraph (2) above, the aggregate principal amount of all of the Notes Outstanding (as defined in the Ordinance) is as follows:

Series A Notes	-	\$ _____
Series B Notes	-	\$ _____
Series C Notes	-	\$ _____

(4) The maximum amount of interest, computed in accordance with the terms and conditions of the Notes and the Ordinance, which could accrue on the Notes referred to the paragraph (3) above in a period of 65 days is as follows:

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Series A Notes - \$ _____

Series B Notes - \$ _____

Series C Notes - \$ _____

(5) The amount available to be drawn by the Paying Agent under the Letter of Credit by any Interest Draft relating to each series of Notes is reduced to the amounts set forth below (such amounts being equal to the amounts specified in paragraph (4) above) upon receipt by the Bank of this Certificate:

Series A Notes - \$ _____

Series B Notes - \$ _____

Series C Notes - \$ _____

(6) The amount available to be drawn by the Paying Agent under the Letter of Credit by any Tender Draft or any Maturity Draft relating to each series of Notes (before subtracting any amount drawn under an Interest Draft and remaining unreimbursed) is reduced to the amounts set forth below (such amounts being equal to the sum of the amounts specified in paragraphs (3) and (4) above with respect to each series of Notes) upon receipt by the Bank of this Certificate:

Series A Notes - \$ _____

Series B Notes - \$ _____

Series C Notes - \$ _____

In Witness Whereof, the Paying Agent has executed and delivered this Certificate this _____ day of _____, 19____.

as Paying Agent

By _____
[Name and Title]

Annex B.

Certificate For Drawing In Connection With The
Payment Of Up To _____ Days' Interest On
The City Of Chicago General Obligation Daily
Adjustable Tax Exempt Securities, Series 1986 (The "Notes")

Irrevocable Letter of Credit No. _____

The undersigned, a duly authorized officer of the undersigned Paying Agent (the "Paying Agent"), hereby certifies to _____ (the "Bank"), with reference to Irrevocable Letter of Credit No. _____ the "Letter of Credit", the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Paying Agent, that:

(1) The Paying Agent is the Paying Agent under the Ordinance for the holders of the Notes.

(2) The Paying Agent is making a drawing under the Letter of Credit with respect to a payment of interest on the Notes, which payment is due on _____.

(3) [The Interest Draft accompanying this Certificate is the first Interest Draft presented by the Paying Agent under the Letter of Credit.]* [The Interest Draft last presented by the Paying Agent under the Letter of Credit was honored and paid by you on _____, 19____, and the Paying Agent did not within 10 calendar days after the date of such drawing receive a notice from you that an Advance (as defined in the Reimbursement Agreement) arising from such payment had not been prepaid in full.]**

* To be used in the Certificate relating to the first Interest Draft only.

** To be used in each Certificate relating to each Interest Draft other than the first Interest Draft.

(4) The amount of the Interest Draft accompanying this Certificate is equal to \$_____, comprising \$_____ in respect of interest payable on Series A Notes, \$_____ in respect of interest payable on Series B Notes and \$_____ in respect of interest payable on Series C Notes. It was computed in compliance with the terms and conditions of the Notes and the Ordinance and does not include any amount of interest on the Notes included in any Tender Draft (which has not been reinstated) or any Maturity Draft presented on or prior to the date of this Certificate.

In Witness Whereof, the Paying Agent has executed and delivered this Certificate as of the _____ day of _____, 19____.

as Paying Agent

By _____
[Name and Title]

Annex C.

Certificate For Drawing In Connection With The
Payment Of Principal Of and Up To _____ Days'
Interest On The City Of Chicago General Obligation
Daily Adjustable Tax Exempt Securities, Series 1986
(The "Notes") In Support Of A Tender

Irrevocable Letter of Credit No. _____

The undersigned, a duly authorized officer of the undersigned Paying Agent (the "Paying Agent"), hereby certifies to _____ (the "Bank"), with reference to Irrevocable Letter of Credit No. _____ (the "Letter of Credit", the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Paying Agent, that:

(1) The Paying Agent is the Paying Agent under the Ordinance for the holders of the Notes.

(2) The Paying Agent is making the drawing under the Letter of Credit with respect to a payment, upon a tender of all or less than all of the Notes which are Outstanding (as defined in the Ordinance), of (i) the unpaid principal amount of the Notes to be purchased as a result of a tender pursuant to the terms of sub-clause (g) Section 3 of the Ordinance and (ii) the amount of interest (not exceeding _____ days' interest) accrued and unpaid thereon to the date of purchase thereof, which payment is due on the date on which this Certificate and the Tender Draft it accompanies are being presented to the Bank.

(3) The amount of the Tender Draft accompanying this Certificate is equal to the sum of (i) \$_____ being drawn in respect of the payment of unpaid principal of Notes, comprising \$_____ in respect of payment of principal of Series A Notes, \$_____ in respect of payment of principal of Series B Notes and \$_____ in respect of payment of principal of Series C Notes, to be purchased as a result of a tender and (ii) \$_____ being drawn in respect of the payment of accrued and unpaid interest on such Notes, comprising \$_____ in respect of such interest on Series A Notes, \$_____ in respect of such interest on Series B Notes and \$_____ in respect of such interest on Series C Notes, and does not include any amount of interest included in any Interest Draft (which has not been reinstated) or any Maturity Draft presented on or prior to the date of this Certificate.

(4) The amount of the Tender Draft accompanying this Certificate was computed in compliance with the terms and conditions of the Notes and the Ordinance and does not exceed the amount available to be drawn by the Paying Agent under the Letter of Credit.

(5) The Paying Agent acknowledges that, pursuant to the terms of the Letter of Credit, upon presentation of the Tender Draft accompanying this Certificate, the amounts available to be drawn by the Paying Agent under the Letter of Credit with respect to each Series of Notes by any subsequent Interest Drafts, Tender Drafts and Maturity Drafts are automatically decreased by an amount equal to the amount of such Tender Draft applicable to such Series of Notes, subject to reinstatement as provided in the Letter of Credit.

In Witness Whereof, the Paying Agent has executed and delivered this Certificate as of the _____ day of _____, 19_____.

as Paying Agent

By _____
[Name and Title]

Annex D.

Certificate For Drawing In Connection With The
Payment Of Principal Of And Up To _____ Days'
Interest On The City Of Chicago General
Obligation Daily Adjustable Tax Exempt Securities,
Series 1986 (The "Notes"), Upon Stated Maturity Or
Optional Or Mandatory Redemption Of Any Series As A Whole

Irrevocable Letter of Credit No. _____

The undersigned, a duly authorized officer of the undersigned Paying Agent (the "Paying Agent"), hereby certifies to _____ (the "Bank"), with reference to Irrevocable Letter of Credit No. _____ (the "Letter of Credit", the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Paying Agent, that:

(1) The Paying Agent is the Paying Agent under the Ordinance for the holders of the Notes.

(2) The Paying Agent is making a drawing under the Letter of Credit with respect to the payment, either at stated maturity or as a result of a redemption pursuant to Section 3 of the Ordinance, of the unpaid principal amount of, and up to _____ days' accrued and unpaid interest on, all of the [Series ____]* Notes which are Outstanding (as

defined in the Ordinance) which payment is due on the date on which this Certificate and the Maturity Draft it accompanies are being presented to the Bank.

(3) The amount of the Maturity Draft accompanying the Certificate is equal to the sum of (i) \$_____ being drawn in respect of the payment of unpaid principal of [Series _____]* Notes and (ii) \$_____ being drawn in respect of the payment of accrued and unpaid interest on such Notes and does not include any amount of interest on the Notes included in any Interest Draft or Tender Draft presented on or prior to the date of this Certificate (which has not been reinstated).

* To be included if the certificate pertains to Notes of a particular Series.

(4) The amount of the Maturity Draft accompanying this Certificate was computed in compliance with the terms and conditions of the Notes and the Ordinance and does not exceed the amount available to be drawn by the Paying Agent under the Letter of Credit.

In Witness Whereof, the Paying Agent has executed and delivered this Certificate as of the _____ day of _____, 19____.

as Paying Agent

By _____
[Name and Title]

* To be included if the certificate pertains to Notes of a particular Series. .

Annex E.

Notice Of Dishonor.

[Name and Address
of Paying Agent]

Re: Unconditional Irrevocable
Letter of Credit No. _____

Dear Sirs:

You are hereby notified that we will not honor your demand for payment under the above-referenced Letter of Credit as evidenced by [your demand for payment dated _____], which demand was not made in accordance with the terms and conditions of such Letter of Credit because: [list reasons].

We [herewith return/are holding at your disposal] [such demand for payment].

By _____
Title:

Annex F.

Instruction To Transfer.

_____, 198____

Re: Unconditional Irrevocable Letter of Credit No. _____
("Letter of Credit")

Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably advises you that it transferred to:

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(Name of Transferee)

(Address)

all rights of the undersigned beneficiary to draw under the above-captioned Letter of Credit (the "Letter of Credit"). [The transferee has succeeded the undersigned as Paying Agent under the Ordinance (as defined in the Letter of Credit)] [The transferee is the Trustee under the Ordinance and an Event of Default has occurred under the Ordinance].

By this transfer, all rights of the undersigned beneficiary in the Letter of Credit are transferred to the transferee and the transferee shall hereafter have the sole rights as beneficiary thereof; provided, however, that no rights shall be deemed to have been transferred to the transferee until such transfer complies with the requirements of the Letter of Credit pertaining to transfers.

Accordingly, you are hereby advised that all rights of the undersigned beneficiary to draw under the Letter of Credit are hereby irrevocably assigned to:

(Name of Transferee)

(Address)

and that all payments to [name of successor paying agent/trustee] under the Letter of Credit should be made to [account # and name (which must be an account in New York in the case of a successor paying agent)].

Very truly yours,

[Name of Paying Agent],
as predecessor Paying Agent

By _____
[Title]

*Exhibit A.***[Form Of Unconditional Irrevocable Letter Of Credit]**

Unconditional Irrevocable Letter
of Credit No. _____

[Date of Issuance]

[Address]
New York, New York 10015
Att: Corporate Trust Department

Dear Sirs:

At the request and on the instructions of the City of Chicago (the "City"), we hereby establish in your favor, as Paying Agent under the above Ordinance (the "Ordinance") for the benefit of holders of the Notes (as defined below), pursuant to which up to \$_____ in aggregate principal amount of full faith and credit General Obligation Daily Adjustable Tax Exempt Securities, Series 1986 A, B and C (by series, the "Series A Notes", the "Series B Notes" and the "Series C Notes" respectively, and, collectively, the "Notes") of the City of Chicago are being issued, our Unconditional Irrevocable Letter of Credit No. _____ (the "Letter of Credit"), in the amount of \$_____ (the "Letter of Credit Amount", as more fully described below), effective immediately and terminating on the earliest of (i) November 30, 198__, (ii) the date on which all of the Notes shall have been redeemed or purchased for cancellation pursuant to Section 3 of the Ordinance and (iii) the date on which you shall have accepted an alternate letter of credit in substitution hereof in accordance with the Ordinance. The earliest of such dates is referred to herein as the "Termination Date".

The Letter of Credit Amount is comprised of (i) \$_____ available to be paid in respect of principal of Series A Notes and \$_____ available to be paid in respect of interest on Series A Notes (together, the "Series A Letter of Credit Amount"), (ii) \$_____ available to be paid in respect of principal of Series B Notes and \$_____ available to be paid in respect of interest on Series B Notes (together, the "Series B Letter of Credit Amount") and (iii) \$_____ available to be paid in respect of principal of Series C Notes and \$_____ available to be paid in respect of interest on the Series C Notes (together, the "Series C Letter of Credit Amount"). The amounts available to be paid in respect of interest on each Series of Notes is in excess of _____ days interest on such Notes at an assumed interest rate of 10% per annum. Amounts available to be paid in respect of Notes of any one Series shall not be available to be paid in respect of Notes of any other Series. Amounts available to be paid in respect of principal of Notes shall not be available to be paid in respect of interest on Notes and amounts available to be paid in respect of interest on Notes shall not be available to be paid in respect of principal on Notes.

We hereby irrevocably authorize you to draw on us, in an aggregate amount not to exceed the amount of this Letter of Credit set forth above and in accordance with the terms and conditions and subject to the reductions in amount as herein set forth, (1) in a single drawing (subject to the first sentence in the next following paragraph) by your draft, drawn on us, payable at sight on a Business Day, accompanied by a completed certificate in

substantially the form of Annex B attached hereto, which draft and certificate shall be in writing and signed by you (such draft accompanied by such certificate being your "Interest Draft"), an amount not exceeding \$ _____; (2) in one or more drawings by one or more of your drafts, drawn on us, payable at sight on a Business Day, accompanied by a completed certificate in substantially the form of Annex C attached hereto, which draft and certificate shall be in writing and signed by you and may be telecopied by you to us (any such draft accompanied by such certificate being your "Tender Draft"), an aggregate amount not exceeding \$ _____ minus any amount up to \$ _____ drawn by an Interest Draft and remaining unreimbursed; and (3) in one or more drawings by your drafts, drawn on us, payable at sight on a Business Day, accompanied by a completed certificate in substantially the form of Annex D attached hereto, which draft and certificate shall be in writing and signed by you (any such draft accompanied by such certificate being your "Maturity Draft"), an amount not exceeding \$ _____ minus any amount up to \$ _____ drawn by an Interest Draft and remaining unreimbursed. As used herein "Business Day" shall have the meaning set forth in the Reimbursement Agreement referred to below.

If you shall draw on us by your Interest Draft under clause (1) above and shall not have received, not earlier than 5 calendar days and not later than 10 calendar days from the date of such drawing, a notice from us to the effect that the Advance, as defined in the Reimbursement Agreement dated as of January 1, 1986 (the "Reimbursement Agreement") between the City and us, arising from such drawing has not been prepaid in full, your right to draw on us in a single drawing by your Interest Draft under clause (1) above shall be automatically and irrevocably reinstated and, effective on the 11th calendar day from the date of such drawing, you shall again be irrevocably authorized to draw on us by your Interest Draft in accordance with clause (1) above and the other terms and conditions referred to or set forth in the first sentence of the foregoing paragraph; and this automatic reinstatement of your right to draw on us by your Interest Draft shall be applicable to successive drawings by your Interest Drafts under clause (1) at any time prior to the Termination Date.

The Letter of Credit Amount (and, as stated in the notice referred to below, the Series A Letter of Credit Amount, Series B Letter of Credit Amount and Series C Letter of Credit Amount) shall be decreased upon our receipt of notice from you, which notice shall be provided upon instructions from the City or upon our request, in the form of Annex A hereto, of a redemption or purchase and cancellation of less than all the Notes outstanding or of the payment in full of any Notes at maturity, by an amount equal to the amount stated in said notice and the amounts available to be drawn by you by any subsequent Interest Draft, Tender Draft or Maturity Draft shall be automatically decreased by the amounts stated in such notice.

Upon presentation by you of any Tender Draft, the Series A Letter of Credit Amount, Series B Letter of Credit Amount and Series C Letter of Credit Amount, as the case may be, available to be drawn by you by any subsequent Interest Draft, Tender Draft or Maturity Draft shall be automatically decreased by an amount equal to the amount of such Tender Draft applicable to Series A, Series B and Series C Notes, as the case may be. Thereafter, the amount from time to time available to be drawn by you by Interest Drafts, Tender Drafts and Maturity Drafts in respect of each Series of Notes shall be increased to the extent, but only to the extent, (i) that you receive immediately available funds for our

benefit against your delivery of such Notes upon remarketing or (ii) of the principal amount of and accrued interest up to the date of such drawing on Notes of such Series that you and we are advised have been placed in the Custody Account (as defined in the Reimbursement Agreement) following payment of such Tender Draft.

Funds under this Letter of Credit are available to you against (1) your Interest Draft referring thereon to the number of this Letter of Credit, (2) your Tender Draft referring thereon to the number of this Letter of Credit, and (3) your Maturity Draft referring thereon to the number of this Letter of Credit. Each such draft and certificate (constituting an Interest Draft, a Tender Draft or a Maturity Draft, as the case may be) shall be dated the date of its presentation, and shall be presented (or, in the case of a Tender Draft, telecopied) to our office located at _____ (or at any other office or telecopy number in the City and State of New York which may theretofore have been designated by us by written notice delivered to you). If we receive any of your drafts and certificates at such office, all in strict conformity with the terms and conditions of this Letter of Credit, on or prior to the Termination Date, we will honor the same after presentation thereof in accordance with the provisions hereof and your payment instructions. If we receive any of your drafts and certificates at such office on or before 11:00 A.M. (12:00 Noon, in the case of a Tender Draft), New York City time, on a Business Day we will honor the same after presentation thereof by 1:00 P.M., New York City time, in the case of a Tender Draft and by 4:00 P.M., New York City time, in the case of an Interest Draft or Maturity Draft, on the same day, provided that such drafts and certificates conform with the terms and conditions of this Letter of Credit. If we receive any of your drafts and certificates at such office between 11:00 A.M. (12:00 Noon, in the case of Tender Draft) and 2:00 P.M. (New York City time) on a Business Day, we will honor the same after presentation thereof by 12:00 Noon (New York City time) on the next succeeding Business Day provided that such drafts and certificates conform with the terms and conditions of this Letter of Credit. If we receive any of your drafts and certificates at such office after 2:00 P.M. (New York City time) on a Business Day, we will honor the same after presentation thereof on the next succeeding Business Day provided that such drafts and certificates conform with the terms and conditions of this Letter of Credit. If requested by you, payment under this Letter of Credit may be made by wire transfer of Federal Reserve Bank of New York funds to your account in a bank on the Federal Reserve wire system or by deposit of same day funds into a designated account that you maintain with us.

If a demand for payment delivered to us pursuant to the foregoing paragraph does not conform to the terms and conditions of this Letter of Credit, we will notify you thereof, within 1-1/2 hours (1 hour, in the case of a Tender Draft), including only hours or portions thereof occurring between 9:00 A.M. and 5:00 P.M. (New York City time) on a Business Day, after such delivery, such notice to be promptly confirmed by written notice in the form of Annex E hereto. Upon being notified that the purported negotiation was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment if, and to the extent that, you are entitled (without regard to the provisions of this sentence) and able to do so.

This Letter of Credit sets forth in full the terms of our undertaking and shall not in any way be amended, amplified or limited by reference to any document, instrument or agreement referred to herein or in which this Letter of Credit is referred to or to which this Letter of Credit relates, except for the certificates referred to herein; and any such

reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificates.

Our obligations hereunder are primary obligations and shall not be affected by the performance or non-performance by the City of any obligations under the Notes or under any agreement between the City and you or between the City and us.

This Letter of Credit is transferable in its entirety (but not in part) to any transferee who has succeeded you as Paying Agent under the Ordinance and may be successively transferred and, upon the occurrence of an Event of Default, to the Trustee (as such terms are defined in the Ordinance). Transfer of this Letter of Credit to such transferee shall be effected by the presentation to such successor paying agent or Trustee of this Letter of Credit and delivery to us of a certificate substantially in the form of Annex F attached hereto.

Only you or a transferee who has succeeded you pursuant to the provisions of the previous paragraph may make a drawing under this Letter of Credit. Upon the termination of this Letter of Credit we shall be fully discharged of our obligation hereunder. This Letter of Credit shall be promptly surrendered to us by you upon such termination.

This Letter of Credit shall be governed by the Uniform Customs and Practice for Documentary Credits (1983 revision) International Chamber of Commerce Publication 400, and, as to matters not covered therein, be governed by the laws of the State of New York, including without limitation the Uniform Commercial Code as in effect in such State.

Communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at the address set forth above (Attention: International Finance Department), specifically referring to the number of this Letter of Credit.

By _____
Title:

Exhibit C-1.

Form of Opinion of the
Corporation Counsel for the
City of Chicago

[Date of Issuance]

To:

Gentlemen:

In my capacity as Corporation Counsel of the City of Chicago, I submit to the addressee this opinion pursuant to the Reimbursement Agreement dated as of January 1, 1986 (the "Agreement") between the City of Chicago (the "City") and _____ (the

"Bank"). Terms used herein which are defined in the Agreement shall have the meanings set forth therein unless otherwise defined herein.

I have caused a certified transcript of proceedings pertaining to the Notes and the Letter of Credit Note to be examined, including executed copies of the Purchase Contract and Official Statement, dated _____, 1986, as well as a certified copy of the ordinance (the "Ordinance") adopted on January ____, 1986 authorizing the issuance of the Notes and the Letter of Credit Note and on the basis of such examination and a review of such other information, records and documents as was deemed necessary or advisable, and on the basis of the constitutional authority referred to in Paragraph 13 of this opinion authorizing the City Council to borrow money and issue notes which may be sold at public or private sale as shall be determined by the City Council, I am of the opinion that:

1. The City has full legal right, power and authority (i) to enter into the Agreement, and (ii) to execute and deliver the Letter of Credit Note as provided therein and in the Ordinance; and the City has duly authorized and approved the execution and delivery of the Agreement and the Letter of Credit Note and the performance by the City of its obligations thereunder.

2. No further authorization or approval is required for the execution and delivery of the Agreement or the Letter of Credit Note by the City or for the performance by the City of its obligations thereunder and the Agreement and the Letter of Credit Note constitute legal, valid and binding obligations of the City, enforceable in accordance with their respective terms.

3. The City, acting through the Mayor and the Comptroller, has duly authorized and approved the Preliminary Official Statement and has duly authorized, approved and executed the Official Statement.

4. The Ordinance has been duly adopted for the City by the City Council, is in full force and effect and is a contract with the Bank and a legal, valid and binding obligation of the City, enforceable by the Bank in accordance with its terms.

5. The Letter of Credit Note has been duly issued and delivered by the City to the Bank pursuant to the Agreement and, to the extent of any advances evidenced thereby, will constitute a general obligation of the City to which the full faith and credit of the City is pledged and for the payment of principal of and interest on which taxes will be levied and proceeds of taxes levied will be applied as provided in the Ordinance.

6. No consent or approval of, or registration or declaration with, any Federal, State or other governmental commission, board, regulatory body or instrumentality, other than the approval of the City Council (which approval has been obtained), and other than under state blue sky or securities laws, is or was required in connection with any of the actions of the City described in paragraphs one through five above, nor is any election or referendum of voters required in connection therewith.

7. All legislation (except for the tax levy ordinance provided for in Section 21 of the Ordinance) necessary to fulfill the terms and conditions of, and to carry out the

transactions contemplated by the Ordinance, the Agreement, the Letter of Credit Note and the Purchase Contract are in full force and effect.

8. The execution and delivery of the Agreement and the Letter of Credit Note by the City, and the carrying out of the transactions contemplated by the Ordinance, the Agreement, the Purchase Contract and the Letter of Credit Note do not conflict with or constitute on the part of the City a breach of, or a default under, any existing law (including, without limitation, the Constitution of the State), any court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the City is subject or by which it is bound.

9. Except as disclosed, prior to the execution of the Reimbursement Agreement, in the Preliminary Official Statement, the Official Statement or in writing to the Bank, no litigation is pending (or to the knowledge of the City threatened) against the City in any court (i) to restrain or enjoin the delivery by the City of the Notes or the Letter of Credit Note, or (ii) in any manner questioning the authority of the City to issue, or the issuance or validity of, the Letter of Credit Note, the Notes or any other Debt of the City or (iii) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the issuance of the Notes or the Letter of Credit Note, or (iv) questioning any of the legislation referred to in Section 7.01(h) of the Reimbursement Agreement, or (v) questioning the validity or enforceability of the Ordinance or (vi) questioning in any manner the levy, collection or deposit or proposed levy, collection or deposit of any material portion of the revenues of the City pledged to the repayment of the Letter of Credit Note, or (vii) contesting in any way the completeness, accuracy or fairness of the Preliminary Official Statement or the Official Statement or (viii) which might in any material respect adversely affect the transactions contemplated herein and in the Official Statement. The entitlement of any members of the City Council and of any officers of the City executing the Reimbursement Agreement, the Letter of Credit Note or any document delivered thereunder to their respective positions is not being contested.

10. There is no amendment, or proposed amendment certified for placement on a statewide ballot, to the Constitution of the State, the effect of which is to materially adversely affect the Notes, the Letter of Credit Note or the Reimbursement Agreement, or any holder or beneficiary thereof in his capacity as such.

11. Any debt evidenced by the Letter of Credit Note will rank at least equally in right of payment by the City with all other full faith and credit general obligations of the City not secured by a pledge of specific revenues of the City.

12. The proceeds of taxes pledged pursuant to Section 22 of the Ordinance, the taxes levied pursuant to Section 23 of the Ordinance and the taxes to be levied pursuant to Section 21 of the Ordinance for payment of the Notes and the Letter of Credit Note are not pledged by the City to the payment of any other obligation, and upon payment to the Trustee for deposit in the Note Fund, will not be subject to any prior claim or prior lien.

13. The City is a "home rule unit" as that term is defined in Section 6 of Article VII of the 1970 Constitution of the State, the City having a population in excess of 25,000 and having not elected by referendum not to be such a home rule unit. Pursuant to the provisions of Section 6(a) of Article VII and subject to the limitations of that Article, the

City may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to tax and to incur debt.

14. Any suit, action or proceeding relating to the obligations of the City under the Reimbursement Agreement or Letter of Credit Note may be instituted against the City in state and federal courts of competent jurisdiction sitting in Cook County, Illinois.

You may rely on my opinion of today's date delivered to the Underwriters as though it were addressed to you.

Very truly yours,

Exhibit C-2.

Form of Opinion
of Bond Counsel
for the City of Chicago

[Date of Issuance]

To:

Gentlemen:

This opinion is furnished pursuant to the Reimbursement Agreement dated as of January 1, 1986 (the "Agreement") between the City of Chicago (the "City") and _____ (the "Bank"). Terms used herein which are defined in the Agreement shall have the meanings set forth therein unless otherwise defined therein.

We have examined a certificate transcript of proceedings pertaining to the Notes and the Letter of Credit Note, including executed copies of the Purchase Contract and Official Statement, dated _____, 1986, as well as a certified copy of the City Council ordinance (the "Ordinance") adopted on January ____, 1986 authorizing the issuance of the Notes and the Letter of Credit Note and on the basis of such examination and a review of such other information, records and documents as was deemed necessary or advisable, and on the basis of the statutory authority authorizing the City Council to borrow money and issue notes which may be sold at public or private sale as shall be determined by the City Council, we are of the opinion that:

1. The City has full legal right, power and authority (i) to enter into the Agreement, and (ii) to execute and deliver the Letter of Credit Note as provided therein and in the Ordinance; and the City has duly authorized and approved the execution and delivery of the Agreement and the Letter of Credit Note and the performance by the City of its obligations thereunder.

2. No further authorization or approval is required for the execution and delivery of the Agreement or the Letter of Credit Note by the City or for the performance by the City of its obligations thereunder and the Agreement and the Letter of Credit Note constitute legal, valid and binding obligations of the City, enforceable in accordance with their respective terms.

3. The City, acting through the Mayor and the Comptroller, has duly authorized and approved the Preliminary Official Statement and has duly authorized, approved and executed the Official Statement.

4. The Ordinance has been duly adopted for the City by the City Council, is in full force and effect and is a contract with the Bank and a legal, valid and binding obligation of the City, enforceable by the Bank in accordance with its terms.

5. The Letter of Credit Note has been duly issued and delivered by the City to the Bank pursuant to the Agreement and, to the extent of any advances evidenced thereby, will constitute a general obligation of the City to which the full faith and credit of the City is pledged and for the payment of principal of and interest on which taxes will be levied and proceeds of taxes levied will be applied as provided in the Ordinance.

6. Under existing statutes, regulations and court decisions payments of interest on the Letter of Credit Note are exempt from federal income taxation.

7. No consent or approval of, or registration or declaration with, any Federal, City or other governmental commission, board, regulatory body or instrumentality, other than the approval of the City Council (which approval has been obtained), and other than under state blue sky or securities laws, is or was required in connection with any of the actions of the City described in paragraphs one through five above, nor is any election or referendum of voters required in connection therewith.

8. All legislation (except for the tax levy ordinance provided for in Section 21 of the Ordinance) necessary to fulfill in all material respects the terms and conditions of, and to carry out the transactions contemplated by the Ordinance, the Agreement, the Letter of Credit Note and the Purchase Contract is in full force and effect.

9. The execution and delivery of the Agreement and the Letter of Credit Note by the City, and the carrying out of the transactions contemplated by the Ordinance, the Agreement, the Purchase Contract and the Letter of Credit Note do not conflict with or constitute on the part of the City a breach of, or a default under, any existing law (including, without limitation, the Constitution of the State), any court or Administration regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the City is subject or by which it is bound.

10. There is no amendment, or proposed amendment certified for placement on a statewide ballot, to the Constitution of the State, the effect of which is to materially adversely affect the Notes, the Letter of Credit Note or the Reimbursement Agreement, or any holder or beneficiary thereof in his capacity as such.

11. Any debt evidenced by the Letter of Credit Note will rank at least equally in right of payment by the City with all other full faith and credit general obligations of the City not secured by a pledged of specific revenues of the City.

12. The proceeds of taxes pledged pursuant to Section 22 of the Ordinance, the taxes levied pursuant to Section 23 of the Ordinance and the taxes to be levied pursuant to Section 21 of the Ordinance for payment of the Notes and the Letter of Credit Note are not pledged by the City to the payment of any other obligation, and upon payment to the Trustee for deposit in the Note Fund, will not be subject to any prior claim or prior lien.

13. The City is a "home rule unit" as that term is defined in Section 6 of Article VII of the 1970 Constitution of the State, and City having a population in excess of 25,000 and having not elected by referendum not to be such a home rule unit. Pursuant to the provisions of Section 6(a) of Article VII and subject to the limitations of that Article, the City may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to tax and to incur debt.

14. Any suit, action or proceeding relating to the obligations of the City under the Reimbursement Agreement or Letter of Credit Note may be instituted against the City in state and federal courts sitting in Cook County, Illinois.

You may rely on our opinion of today's date delivered to the Underwriters as though it were addressed to you.

Very truly yours,

Exhibit D-1.

[Date of Issuance]

The Bank, the City, the
Paying Agent, the Trustee and
the Underwriters as such terms
are defined in the Reimbursement
Agreement referred to below.

Dear Sirs:

We have acted as United States counsel to _____ (the "Bank") in connection with the Reimbursement Agreement dated as of January 1, 1986 (the "Agreement"), between the City of Chicago ("Chicago") and the Bank, acting through its _____, pursuant to which the Bank has issued a letter of credit (the "Letter of Credit"), substantially in the form of Exhibit A thereto in support of payment of the principal of, and interest on, full faith and credit general obligation daily adjustable tax exempt securities issued by Chicago in an aggregate principal amount equal to \$_____.

We have examined such instruments, corporate records, certificates of public officials and other matters as we have deemed necessary or advisable for the purposes of the opinion expressed below. We are members of the bar of the State of New York and our opinion is limited to the laws of the State of New York and the Federal laws of the United States of America. Insofar as Japanese law may be relevant to our opinion, we have assumed the correctness of the opinion to you dated the date hereof of Braun Moriya Hoashi and Kubota, Japanese counsel for the Bank.

Based on the foregoing, it is our opinion that:

1. The New York Branch of the Bank is duly licensed by the Superintendent of Banks of the State of New York and qualified to do business as a New York branch and has the power to execute and deliver the Letter of Credit and the Agreement; and

2. The execution, delivery and performance by the New York Branch of the Bank of the Letter of Credit and Agreement have been duly authorized by all necessary corporate action and the Letter of Credit constitutes the valid and legally binding agreement of the Bank, and the Agreement constitutes the valid and legally binding obligation of the Bank, in each case enforceable against the Bank in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws affecting the enforcement of creditors' rights in general as such laws would apply in the event of the insolvency, reorganization or liquidation of, or other similar occurrence with respect to the Bank or in the event of any moratorium or similar occurrence affecting the Bank.

The opinion set forth in paragraph 2 above as to the validity, binding effect and enforceability of the Agreement, the governing law of which is expressly stated to be the law of the State of Illinois, is subject to the Agreement being valid, binding and enforceable in accordance with its terms under the laws of the State of Illinois, as to which, with your approval, we express no opinion.

You are authorized to furnish copies of this opinion to Standard & Poor's Corporation and to Moody's Investors Service Inc., which shall be entitled to rely on it as though it were addressed to them. No one other than the addressees and the foregoing persons shall be entitled to rely on this opinion.

Very truly yours,

Exhibit D-2.

[Date of Issuance]

[Addressed to the Bank,
the City, the Paying
Agent, the Trustee,
the Underwriters,
Davis Polk & Wardwell,
Moody's Investors Service
Inc. and Standard and
Poor's Corporation]

Dear Sirs:

We are members of the Tokyo Attorneys Association, and have acted as Japanese counsel for _____ Limited (the "Bank") in connection with the Reimbursement Agreement dated as of January 1, 1986 (the "Agreement"), between the City of Chicago ("Chicago") and the Bank, acting through its _____, and the issuance by the Bank of a letter of credit (the "Letter of Credit"), to support payment of principal of and interest on full faith and credit general obligation daily adjustable tax exempt securities to be issued by Chicago (the "Notes").

We have examined a copy of the Agreement in execution form, the form of Letter of Credit set forth as Exhibit A to the Agreement and the certified copies of commercial recordation of the Bank and have made such factual investigations in respect of the Bank as we have deemed necessary for the purpose of giving this opinion.

Based on the foregoing and in connection with the obligations of the Bank under the Letter of Credit and the Agreement, we are of the opinion that insofar as the laws of Japan are concerned:

1. The Bank is a banking corporation duly organized and validly existing under the laws of Japan.
2. The Bank has the corporate power and authority to issue the Letter of Credit and to enter into the Agreement.
3. No authorizations, approvals, consents or notifications from any governmental authorities in Japan are required in connection with the issuance of the Letter of Credit or the execution and delivery of the Agreement.
4. A final and conclusive judgment obtained in the United States, which is not subject to appeal and is enforceable in the United States, with respect to payment obligations of the Bank under the Letter of Credit may be enforced upon request by the competent courts of Japan without a review of the merits, provided that applicable requirements of the Japanese Code of Civil Procedure are satisfied, in particular, that service of complaint filed with the courts of the United States of America was properly effected on the Bank and that reciprocity exists with respect to the recognition of final judgments of the courts of Japan by the court of the applicable State or any Federal court in the United States of America and that such final and conclusive judgment in the United States is not contrary to the public order or good morals in Japan. We see no reason at present why a money judgment based on and within the amount of, the obligations of the

Bank specifically provided for in the Letter of Credit would be contrary to the public order or good morals in Japan.

5. The execution, delivery and performance by _____ the Bank of the Letter of Credit and the Agreement have been duly authorized by all necessary corporate action, and each of the Letter of Credit and the Agreement, when executed and delivered by its attorney-in-fact, assuming it to constitute a legal, valid and binding obligation of the Bank in accordance with its terms under the laws of, in the case of the Agreement, the State of Illinois and, in the case of the Letter of Credit, the State of New York, in accordance with which it is expressed to be governed by and construed, will constitute a legal, valid and binding obligation of the Bank and ranking, as far as the laws of Japan are concerned, *pari passu* with all other unsecured unsubordinated indebtedness (including deposit liabilities) of the Bank and superior to rights of shareholders, provided that for this purpose "indebtedness" does not include items entitled to special priorities by operation of law including, without limitation, certain taxes and salaries.

6. The Bank may be sued in Japan by holders of the Notes, if they have the right to sue the Bank under the laws of the State of New York, or the Trustee therefor to obtain amounts due and payable but unpaid by the Bank with respect to the Letter of Credit to the extent of its liabilities set forth therein. Under Japanese law there is no restriction on the Bank submitting to the jurisdiction of any federal court sitting in the City of Chicago or New York City.

7. The choice of New York Law as the Law governing the Letter of Credit is valid and would be given effect by the competent courts of Japan.

Very truly yours,

Exhibit E.

United States Of America
City Of Chicago

LC No. _____

City Of Chicago
Full Faith And Credit General Obligation Letter Of Credit Note

Chicago, Illinois
[Date of Issuance]

The City of Chicago (the "Borrower") hereby promises to pay to the order of _____ (the "Bank") at the account specified below, the sum of the aggregate unpaid principal amount of all advances made by the Bank to the Borrower pursuant to the Reimbursement Agreement referred to below on the dates set forth in the Reimbursement Agreement. Each advance shall bear interest on the unpaid principal amount thereof at the rate or rates provided for in the Reimbursement Agreement. All such payments of principal and interest shall be made in lawful currency of the United States and in immediately available funds at the account of.

This note is the Letter of Credit Note referred to in the Reimbursement Agreement dated as of January 1, 1986 between the Borrower and the Bank, as the same may be amended from time to time (the "Reimbursement Agreement"). Terms defined in the Reimbursement Agreement are used herein with the same meanings. Reference is made to the Reimbursement Agreement for provisions for the prepayment hereof.

This Letter of Credit Note is issued pursuant to and in accordance with the Constitution and statutes of the State of Illinois, and pursuant to and in accordance with an Ordinance (the "Ordinance") duly adopted by the City Council of the Borrower, to evidence advances, if any, made for the purpose of providing funds to pay the principal of and interest on the Notes of the Borrower.

All advances made by the Bank to the Borrower and all repayments of the principal thereof shall be recorded at the time of the making of such advance or repayment by the Bank on the Schedule attached hereto, or on a continuation of such Schedule.

Reference is hereby made to the Ordinance and the Reimbursement Agreement for the provisions, among other things, with respect to the nature and extent of the security for this Letter of Credit Note, the manner and enforcement of such security, the custody and application of the proceeds of this Letter of Credit Note, the rights, duties and obligations of the Borrower and the Bank.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and to be performed, precedent to and in the issuance of this Letter of Credit Note, do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Illinois, and that the total indebtedness of the Borrower, including indebtedness evidenced by this Letter of Credit Note, does not exceed any Constitutional or statutory limitation.

This Letter of Credit Note shall be governed by and construed in accordance with the laws of the State of Illinois.

In Witness Whereof, the Borrower, by authority of its City Council, has caused this note to be signed for and on its behalf and in its name by the Comptroller, and the official seal of the City of Chicago to be affixed hereto, all as of the _____ day of January, 1986.

City of Chicago, Illinois

11/24/86

UNFINISHED BUSINESS

37315

By _____
Title: Comptroller

[Seal]

Schedule Of
Advances And Payments Of Principal

Series of Underlying Notes	Date of Advance	Amount of Advance	Maturity of Advance	Amount of Principal Repaid	Unpaid Principal Balance	Notation Made By
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

ISSUANCE OF \$185,000,000 IN CITY OF CHICAGO GENERAL
OBLIGATION BONDS, REFUNDING AND PROJECT
SERIES 1986 AND LEVY COLLECTION OF
TAX TO PAY PRINCIPAL OF AND
INTEREST ON SAID BONDS
AUTHORIZED.

On motion of Alderman Evans, the City Council took up for consideration the report of the Committee on Finance deferred and published in the Journal of the Proceedings of November 13, 1986, pages 36674 and 36677-36718, recommending that the City Council pass a proposed ordinance authorizing the issuance of \$185,000,000 in City of Chicago General Obligation Bonds, Refunding and Project Series 1986 and levy and collection of tax to pay principal of and interest on said Bonds.

Alderman Santiago introduced the following amendment to the said proposed ordinance.

"I hereby move to amend the ordinance authorizing the issuance of General Obligation Bonds, Project and Refunding Series by adding the following italic language and deleting the bracketed language as follows:

Section 18. The purchasing agent shall establish a goal of awarding not less than seventeen percent (17%) of the total dollar value of contracts funded by the proceeds of this bond issue to qualified Hispanic-owned businesses, regardless of race.

In order to achieve the goal stated in this Section, the Purchasing Agent of the City of Chicago shall undertake the following:

(a) Insert within specifications for each contract for construction of any building, bridge, roadway or other structure a requirement that a bidder commit to the expenditure of seventeen percent (17%) of the dollar value of the contract (including any modifications) with one or more Hispanic-owned businesses. This commitment may be met by the bidder's status as a Hispanic-owned businesses or by joint venture with one Hispanic-owned businesses, or by subcontracting a portion of the work to one or more Hispanic-owned businesses, or by purchase of materials for the work from one or more Hispanic-owned businesses, or by any combination of the foregoing.

(b) Insert within specifications for all other contracts awarded by competitive bidding requirement that a bidder commit to expenditure of seventeen (17%) of the dollar value of the contract (including any modifications thereof) with one or more Hispanic-owned businesses. This commitment may be met by the bidder's status as a Hispanic-owned businesses or by joint venture with one or more qualified Hispanic-owned businesses as a prime contractor, or by subcontracting of a portion of the work to one or more Hispanic-owned businesses or by purchase of materials from one or more Hispanic-owned businesses or by any combination of the foregoing.

(c) Negotiate with any contractor whose contract is not awarded by competitive bidding a commitment to Hispanic-owned businesses participation of at least seventeen percent (17%) of the dollar value of the contract (including any modifications).

The provisions of Executive Order 85-2, Section 3(e) are expressly incorporated herein to enable the Purchasing Agent to monitor and enforce the goal stated in this Section.

If, in the course of preparing specifications for a contract, the Purchasing Agent determines that it is impossible to obtain qualified Hispanic-owned businesses to perform sufficient work to fulfill the commitment stated in this Section or that it is impossible to obtain qualified Hispanic-owned businesses to perform any of the work or supply any product or service required under the contract, the Purchasing Agent may reduce or waive the commitment to Hispanic-owned participation in the contract, as may be appropriate.

[Section 18.] Section 19. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

This Ordinance shall be published by the City Clerk, by causing to be printed in pamphlet form at least 100 copies hereof, which copies are to be made available in his office for public inspection and distribution to members of the public who may wish to avail themselves of a copy of this Ordinance, and this Ordinance shall be in full force and effect from and after its adoption, approval by the Mayor and publication.

Alderman Evans moved to *Refer* the proposed amendment to the Committee on Finance. The motion *Prevailed* by yeas and nays as follows:

Yeas -- Aldermen Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Volini, Orr -- 25.

Nays -- Aldermen Roti, Huels, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach -- 20.

Thereupon, on motion of Alderman Evans, the said proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Majerczyk, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Hansen, Orbach, Volini, Orr -- 29.

Nays -- Aldermen Huels, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Hagopian, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, McLaughlin, Schulter -- 16.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, The City of Chicago (the "City") is a body politic and corporate under the laws of the State of Illinois and a home rule unit under Article VII of the Illinois Constitution of 1970; and

WHEREAS, The City has heretofore issued its \$118,800,000 General Obligation Term Notes, Series 1980, which are currently outstanding in the aggregate principal amount of \$35,400,000, are binding and subsisting legal obligations of the City and mature on October 1 of the years and in the amounts as follows:

Years	Amounts
1987	\$13,900,000
1988	13,900,000
1989	1,900,000
1990	1,900,000
1991	1,900,000
1992	1,900,000

(the "Series 1980 Notes"); and

WHEREAS, The City has heretofore issued its \$30,000,000 General Obligation Term Notes, Series 1980-A, which are currently outstanding in the aggregate principal amount of \$15,000,000, are binding and subsisting legal obligations of the City and mature on October 1 of the years and in the amounts as follows:

Years	Amounts
1987	\$2,500,000
1988	2,500,000
1989	2,500,000
1990	2,500,000
1991	2,500,000
1992	2,500,000

(the "Series 1980-A Notes"; the Series 1980 Notes and the Series 1980-A Notes being referred to collectively herein as the "Notes"); and

WHEREAS, It is deemed to be necessary, essential and for the best interests of the inhabitants of the City and necessary for the welfare of the government and affairs of the City to provide for the refunding of the Notes; and

WHEREAS, The cost of refunding the Notes is estimated to be not more than \$60,000,000, and the City expects to pay such cost by borrowing such money and issuing its bonds in evidence thereof as hereinafter provided; and

WHEREAS, It is deemed to be necessary, essential and in the best interests of the inhabitants of the City to undertake the capital projects and improvements designated in Exhibit A attached hereto and made a part hereof by this reference (the "Projects"); and

WHEREAS, The cost of completing the Projects is estimated to be not more than \$130,000,000, and the City expects to pay such costs by borrowing such money and issuing its Bonds in evidence thereof as hereinafter provided; and

WHEREAS, The City has determined that it is advisable and necessary at this time to borrow the sum necessary for the purposes of refunding the Notes, completing the Projects and paying the expenses of issuing the Bonds herein authorized, and in evidence thereof to issue its General Obligation Bonds, Project and Refunding Series (the "Bonds"), such borrowing being for a proper public purpose and in the public interest, and the City, by virtue of its constitutional home rule powers and all laws applicable thereto, has the power to issue such Bonds; now, therefore:

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The City Council, after a public meeting heretofore held on this ordinance by the Committee on Finance of the City Council, pursuant to proper notice having been given thereof, and in accordance with the findings and recommendations of such Committee, hereby finds that all of the recitals contained in the preambles to this

ordinance are full, true and correct and does incorporate them into this ordinance by this reference.

SECTION 2. There shall be borrowed on the credit of and for and on behalf of the City the sum of not to exceed \$195,000,000 for the refunding and project purposes aforesaid: that Bonds of the City shall be issued in said amount, or such lesser amount, as may be determined by the City Comptroller. The Bonds shall be dated October 1, 1986, or such other date as shall be agreed upon between the City Comptroller and the purchasers of the Bonds, shall be in fully registered form, shall be in denominations of \$5,000 each and any integral multiple thereof (but no single Bond shall represent installments of principal maturing on more than one date), and shall be numbered 1 and upward. The Bonds in the aggregate principal amount of not to exceed \$60,000,000, issued for the purpose of refunding the Notes (the "Refunding Series"), shall become due and payable not earlier than January 1, 1988, and not later than January 1, 1993, and the Bonds in the aggregate principal amount of not to exceed \$135,000,000, issued for the purpose of paying the costs of the Projects (the "Project Series"), shall become due and payable on or before January 1, 2013. The principal amount of the Bonds payable, whether at maturity or by virtue of mandatory redemption, on any January 1 (after taking into account prior required mandatory redemptions of such Bonds) and the interest to accrue thereon shall not exceed the applicable amount levied therefor herein and the Bonds shall bear interest at a rate or rates not to exceed 10% per annum.

Each Bond shall bear interest from the later of its date or the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on the first days of January and July of each year, commencing on or after January 1, 1987, as determined by the City Comptroller at the time of the sale of any of the Bonds. Interest on each Bond shall be paid to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date, by check or draft of the bank or trust company designated by the Comptroller, or its successor as bond registrar and paying agent (the "Bond Registrar"), or, at the option of any registered owner of \$1,000,000 or more in aggregate principal amount of Bonds, by wire transfer of immediately available funds to such bank in the continental United States as the registered owner of such Bonds shall request in writing to the Bond Registrar. The principal of the Bonds and redemption premium, if any, shall be payable in lawful money of the United States of America upon presentation and surrender at the principal corporate trust office of the Bond Registrar.

The facsimile of the seal of the City shall be affixed to each of the Bonds, and the Bonds shall be executed by the facsimile signature of the Mayor and the City Comptroller and attested by the facsimile signature of the City Clerk, and in case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this ordinance unless and until such

certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

The terms and provisions of the Bonds set forth in this Section 2 are subject in all respects to the further terms and provisions described in Section 12 hereof.

SECTION 3. (a) Registration and Transfer. The City shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds as provided in this ordinance to be kept at the principal corporate trust office of the Bond Registrar, as the registrar for the City. The City is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or his attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same interest rate and maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same interest rate and maturity of other authorized denominations. The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond, (A) during the period beginning at the close of business on the fifteenth day of the calendar month next preceding any interest payment date on such Bond and ending on such interest payment date, (B) after notice calling such Bond for redemption has been mailed, or (C) during a period of fifteen (15) days next preceding mailing of a notice of redemption of such Bond.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, redemption premium, if any, or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. In the event any of the Bonds are registered in the name of a securities depository which uses a book entry system, the standing of the registered owner to enforce any of the covenants herein may be established through the books and records of such securities depository or a participant therein.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except that no such payment may be required in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(B) Book-Entry Only System. If so determined and directed by the City Comptroller for any maturity or maturities of the Bonds, such Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds determined by the City Comptroller as provided in Section 2 hereof. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of Kray & Co., or any successor thereto ("Kray"), as nominee of Midwest Securities Trust Company, Chicago, Illinois, and its successors and assigns ("Midwest"). In the event that the City Comptroller determines to use the book-entry system of Midwest as provided in this Section 3(b), all of the outstanding Bonds shall be registered in the Bond Register in the name of Kray, as nominee of Midwest, except as hereinafter provided. The City Comptroller is hereby authorized to determine whether or not the book-entry services of Midwest will be used and if used, the City Comptroller is authorized to execute and deliver on behalf of the City such letters to or agreements with Midwest and the Bond Registrar as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the "Representation Letter").

With respect to Bonds registered in the Bond Register in the name of Kray, as nominee of Midwest, the City and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which Midwest holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "Midwest Participant") or to any person on behalf of whom such a Midwest Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of Midwest, Kray or any Midwest Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Midwest Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Midwest Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest on, the Bonds. The City and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond certificate evidencing the obligation of

the City to make payments of principal, premium, if any, and interest with respect to any Bond. Upon delivery by Midwest to the Bond Registrar of written notice to the effect that Midwest has determined to substitute a new nominee in place of Kray, and subject to the provisions in Section 2 hereof with respect to the payment of interest by the mailing of checks or drafts or by wire transfer to the registered owners of Bonds at the close of business on the 15th day of the month next preceding the applicable interest payment date, the name "Kray" in this ordinance shall refer to such new nominee of Midwest.

In the event that (i) the City Comptroller determines that Midwest is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the City, the Bond Registrar and Midwest evidenced by the Representation Letter shall be terminated for any reason or (iii) the City Comptroller determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall notify Midwest and Midwest Participants of the availability through Midwest of Bond certificates and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Kray, as nominee of Midwest. At that time, the City Comptroller may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a universal book-entry system, as may be acceptable to the City Comptroller, or such depository's agent or designee, and if the City Comptroller does not select such alternate universal book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 3(a) hereof.

Notwithstanding any other provision of this ordinance to the contrary, so long as any Bond is registered in the name of Kray, as nominee of Midwest, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

(c) Bonds Lost, Destroyed, etc. If any Bond, whether in temporary or definitive form, is lost (whether by reason of theft or otherwise), destroyed (whether by mutilation, damage, in whole or in part, or otherwise) or improperly cancelled, the Bond Registrar may authenticate a new Bond of like date, denomination and principal amount and bearing a number not contemporaneously outstanding; provided that (a) in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Bond Registrar and (b) in the case of any lost Bond or Bond destroyed in whole, there shall be first furnished to the Bond Registrar evidence of such loss or destruction, together with indemnification of the City and the Bond Registrar, satisfactory to such Bond Registrar. In the event any lost, destroyed or improperly cancelled Bond shall have matured or is about to mature, or has been called for redemption, instead of issuing a duplicate Bond, the Bond Registrar shall pay the same without surrender thereof if there shall be first furnished to the Bond Registrar evidence of such loss, destruction or cancellation, together with indemnity, satisfactory to it. Upon the issuance of any substitute Bond, the Bond Registrar may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

(d) Redemption. The Bonds are redeemable prior to maturity at the option of the City, in whole or in part on any date, at such times and at such redemption prices (to be expressed

as a percentage of the principal amount of such Bonds being herein redeemed not to exceed 103%, plus accrued interest to the date of redemption) as determined by the City Comptroller at the time of the sale of the Bonds. If less than all of the outstanding Bonds are to be optionally redeemed, the Bonds to be called shall be called from such maturities as may be determined by the City and if less than all of a single maturity is so redeemed then by lot within a maturity in the manner hereinafter provided. Certain of the Bonds may be made subject to mandatory redemption, at par and accrued interest to the date fixed for redemption, as determined by the City Comptroller at the time of the sale of the Bonds; provided, that the Refunding Series and the Project Series shall each reach final maturity not later than the dates set forth in Section 2 hereof.

The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. In the event of the redemption of less than all the Bonds of like maturity the aggregate principal amount thereof to be redeemed shall be \$5,000 or an integral multiple thereof and the Bond Registrar shall assign to each Bond of such maturity a distinctive number for each \$5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. The City shall, at least forty-five (45) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than sixty (60) days prior to the redemption date by the Bond Registrar.

The Bond Registrar shall promptly notify the City in writing of the Bonds, or portions thereof, selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

The redemption provisions set forth in this Section 3 are subject in all respects to the further provisions described in Section 12 hereof.

SECTION 4. Unless waived by any holder of Bonds to be redeemed, notice of the call for any such redemption shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by registered or certified mail at least thirty (30) days and not more than forty-five (45) days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar, but the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond.

All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,

(3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Bond Registrar.

Prior to any redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Bonds, or portions thereof, so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds, or portions thereof, shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered holder a new Bond or Bonds of the same interest rate and maturity in the amount of the unpaid principal.

If any Bond, or portion thereof called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by the Bond, or portion thereof, so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

The redemption mechanics set forth in this Section 4 are subject in all respects to the further provisions described in Section 12 hereof.

SECTION 5. The Bonds shall be prepared in substantially the following form with such insertions and revisions as shall be necessary to reflect the terms and provisions of the sale of the Bonds pursuant to Section 12 hereof; provided, however, that if the text of the Bond is to be printed in its entirety on the front side of the such Bond, then paragraph [2] and the legend, "See Reverse Side for Additional Provisions", shall be omitted and paragraphs [6] through [13] shall be inserted immediately after paragraph [1] and paragraphs [3] through [5] shall be inserted immediately after paragraph [13]:

(Form of Bond -- Front Side)

REGISTERED

NO. _____

11/24/86

UNFINISHED BUSINESS

37325

UNITED STATES OF AMERICA
STATE OF ILLINOIS
CITY OF CHICAGO
GENERAL OBLIGATION BOND,
PROJECT AND REFUNDING SERIES

See Reverse Side
for Additional
Provisions

Interest Maturity Dated
Rate: _____% Date: January 1, _____ Date: _____, 198__ CUSIP _____

Registered Owner:

Principal Amount:

[1] The City of Chicago, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the date of this Bond or the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on January 1 and July 1 of each year commencing _____ 1, 198__, until said Principal Amount is paid. Principal of this Bond and redemption premium, if any, shall be payable in lawful money of the United States of America upon presentation and surrender at the principal corporate trust office of _____, Chicago, Illinois, as bond registrar and paying agent (the "Bond Registrar"). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Bond Registrar at the close of business on the 15th day of the month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar or, at the option of any Registered Owner of \$1,000,000 or more in aggregate principal amount of Bonds, by wire transfer of immediately available funds to such bank in the continental United States as the Registered Owner hereof shall request in writing to the Bond Registrar.

The Bond Registrar shall not be required to transfer or exchange any Bond (A) during the period beginning at the close of business on the fifteenth day of the calendar month

next preceding any interest payment date on such Bond and ending on such interest payment date, (B) after notice calling such Bond for redemption has been mailed, or (C) during a period of fifteen (15) days next preceding mailing of a notice of redemption of such Bond.

[2] Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

[3] It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, have done and performed in regular and due form and time as required by law: that the indebtedness of the City, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity.

[4] This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

[5] In Witness Whereof, said City of Chicago, Illinois, by its City Council, has caused its corporate seal to be imprinted by facsimile hereon and this Bond to be signed by the duly authorized facsimile signatures of the Mayor and City Comptroller and attested by the facsimile signature of the City Clerk, all as of the Dated Date identified above.

Attest:

(Facsimile Signature)

Mayor
City of Chicago

(Facsimile Signature)

City Clerk
City of Chicago

(Facsimile Signature)

City Comptroller
City of Chicago

Date of Authentication: _____,

CERTIFICATION OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned ordinance and is one of the General Obligation Bonds, Project and Refunding Series, of the City of Chicago, Illinois.

By _____
(Manual Signature)

Authorized Officer

[FORM OF BOND -- REVERSE SIDE]

CITY OF CHICAGO, ILLINOIS

GENERAL OBLIGATION BOND,

PROJECT AND REFUNDING SERIES

[6] For the prompt payment of this Bond, both principal and interest, as aforesaid, as the same become due, and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of said City of Chicago are hereby irrevocably pledged.

[7] This Bond is one of a series of Bonds aggregating the principal amount of \$_____ issued pursuant to the constitutional home rule powers of the City for the purposes of (i) providing funds for refunding the General Obligation Term Notes, Series 1980, and the General Obligation Term Notes, Series 1980-A, heretofore issued by the City and now outstanding, (ii) paying the cost of certain capital projects and improvements [(iii) paying certain interest accruing on the Bonds and (iv)] paying expenses incidental to the issuance of the Bonds, and was authorized by an ordinance adopted by the City Council on _____, 1986 (the "Bond Ordinance").

[8] The Bonds maturing on or after January 1, 19____, are redeemable prior to maturity at the option of the City, in whole or in part on any date on or after January 1, 19____, and if less than all of the outstanding Bonds are to be redeemed, the Bonds to be called shall be called from such maturities as shall be determined by the City and if less than all of a single maturity is so redeemed then by lot within a maturity in the manner hereinafter provided, the Bonds to be redeemed at the redemption prices (being expressed as a percentage of the principal amount) set forth below, plus accrued interest to the date of redemption:

Dates of Redemption

Redemption Price

[9] The Bonds maturing on January 1, _____, are subject to mandatory redemption prior to maturity on January 1 of the years _____ to _____, inclusive, and the Bonds maturing on January 1, _____, are subject to mandatory redemption prior to maturity on January 1 of the years _____ to _____, inclusive, in each case at par and accrued interest to the date fixed for redemption.

In the event of the redemption of less than all the Bonds of like maturity the aggregate principal amount thereof to be redeemed shall be \$5,000 or an integral multiple thereof and the Bond Registrar shall assign to each Bond of such maturity a distinctive number for each \$5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were

assigned numbers so selected: provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

[12] The Bonds are issued in fully registered form in the denomination of \$5,000 each or authorized integral multiples thereof. This Bond may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same interest rate and maturity of other authorized denominations, upon the terms set forth in the Bond ordinance.

[13] The City and the Bond Registrar may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and redemption premium, if any, and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

[10] Notice of any such redemption shall be sent by registered or certified mail not less than thirty (30) days nor more than forty-five (45) days prior to the date fixed for redemption to the registered owner of each bond to be redeemed at the address shown on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar; provided, that the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. When so called for redemption, this Bond will cease to bear interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

[11] This Bond is transferable by the registered holder hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Bond

Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations, of the same interest rate and maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

SECTION 6. Each Bond shall be a direct and general obligation of the City for the payment of which (as to principal, interest and redemption premium, if any) the City pledges its full faith and credit. Each Bond shall be payable (as to principal, interest and redemption premium, if any) from any moneys, revenues, receipts, income, assets or funds of the City legally available for such purpose, including but not limited to the proceeds of the Pledged Taxes (as defined in Section 7 hereof).

SECTION 7. For the purpose of providing the funds required to pay the principal of and interest on the Bonds promptly as the same become due, there is hereby levied and there shall be collected the following direct annual tax upon all taxable property in the City:

For the Year	A Tax Sufficient to Produce the Sum of:	
1986	\$21,944,000	for interest and principal up to January 1, 1988
1987	20,140,000	for interest and principal
1988	20,140,000	for interest and principal
1989	20,140,000	for interest and principal
1990	20,140,000	for interest and principal
1991	20,140,000	for interest and principal
1992	17,500,000	for interest and principal
1993	17,500,000	for interest and principal
1994	17,500,000	for interest and principal
1995	17,500,000	for interest and principal
1996	17,500,000	for interest and principal
1997	17,500,000	for interest and principal
1998	17,500,000	for interest and principal
1999	17,500,000	for interest and principal

For the Year	A Tax Sufficient to Produce the Sum of:	
2000	17,500,000	for interest and principal
2001	17,500,000	for interest and principal
2002	17,500,000	for interest and principal
2003	17,500,000	for interest and principal
2004	17,500,000	for interest and principal
2005	17,500,000	for interest and principal
2006	17,500,000	for interest and principal
2007	17,500,000	for interest and principal
2008	17,500,000	for interest and principal
2009	17,500,000	for interest and principal
2010	17,500,000	for interest and principal
2011	17,500,000	for interest and principal

The term "Pledged Taxes" shall mean the taxes hereinabove levied for collection for the purpose of providing the funds required to pay principal of and interest on the Bonds, and shall include a sum deposited with the hereinafter described Escrow Agent by the Comptroller for the purpose of paying principal of and interest on the Bonds, which, together with the accrued interest received, will be deposited in the Escrow Account, if established pursuant to Section 9 hereof.

SECTION 8. The City shall appropriate amounts sufficient to pay principal of and interest on the Bonds for the years such amounts are due, and the City hereby covenants to take timely action as required by law to carry out the provisions of this Section, but, if for any such year it fails to do so, this ordinance shall constitute a continuing appropriation ordinance of such amounts without any further action on the part of the City Council.

SECTION 9. (a) The City Comptroller is authorized to establish a special account, if determined to be necessary in connection with the sale of any of the Bonds, separate and segregated from all other funds and accounts of the City (the "Ad Valorem Tax Escrow Account"), which said Escrow Account is to be maintained with a bank or trust company to be designated by the Comptroller pursuant to an escrow agreement (the "Refunding and Project Bonds Escrow Agreement"), between the City and the Escrow Agent named therein (the "Escrow Agent"), and the Mayor, the Treasurer, the City Comptroller and the City Clerk, or any of them, are hereby authorized to execute and deliver a Project and Refunding

Bonds Escrow Agreement in connection with any sale of the Bonds in such form as the officers so executing may deem appropriate in accordance with the provisions of this ordinance.

In lieu of the proceeds of such taxes being deposited with the City Treasurer, such Project and Refunding Bonds Escrow Agreement may authorize the County Collectors of Cook and DuPage Counties to deposit the proceeds of such taxes directly into the *Ad Valorem* Tax Escrow Account, if such Account has been created.

(b) In addition to the *Ad Valorem* Tax Escrow Account described above, the City Comptroller is further authorized to establish a special account, if determined to be beneficial in connection with the sale of any of the Bonds, separate and segregated from all other funds and accounts of the City (the "State Revenue Escrow Account"), which State Revenue Escrow Account is to be maintained pursuant to the Project and Refunding Bonds Escrow Agreement, the execution and delivery of which is hereinabove authorized.

The City Council hereby directs that all or a portion of the amounts due from the State of Illinois to the City pursuant to the provisions of "An Act in relation to State revenue sharing with local governmental entities," effective August 1, 1969, as heretofore and as hereafter amended, or pursuant to the provisions of any other law of the State of Illinois presently or hereafter effective, be paid directly into the State Revenue Escrow Account and applied to the payment of the Bonds as provided in the Project and Refunding Bonds Escrow Agreement, if determined by the City Comptroller to be beneficial in connection with the sale of any of the Bonds. The actual revenue sources due from the State of Illinois to the City which are to be deposited directly into the State Revenue Escrow Account and the amount of each such revenue source to be so deposited shall be determined by the City Comptroller at the time of each sale of the Bonds and shall be specified in the notification of sale described in Section 12 of this ordinance.

The City hereby covenants and agrees that it will issue no obligations, other than the Bonds, secured by amounts due from the State of Illinois to the City and subject to deposit in the State Revenue Escrow Account unless the amounts paid to the City by the State of Illinois which were subject to deposit into the State Revenue Escrow Account for the full calendar year immediately preceding the year in which such additional obligations are issued were equal to not less than a certain percentage of the maximum amount of the principal and interest to become due in the then current and any succeeding calendar year on all obligations then secured by amounts due from the State of Illinois to the City and subject to deposit in the State Revenue Escrow Account, including the Bonds, and the obligations proposed to be issued, which percentage will be specified in the City Comptroller's notification of sale described in Section 12 of this ordinance, which percentage shall be not less than 150% and not greater than 200% and which percentage, once established, shall not be reduced while the Bonds or any such additional obligations remain outstanding. In the event that the City Comptroller specifies additional revenue sources to be deposited into the State Revenue Escrow Account in connection with the sale of any such obligations, the amounts paid to the City by the State of Illinois which were subject to deposit into the State Revenue Escrow Account for the full calendar year immediately preceding the year in which such obligations are to be issued may be adjusted to include such additional revenue source for said calendar year as if such additional

revenue source had been subject to direct deposit into the State Revenue Escrow Account in said calendar year.

In the event that the City Comptroller determines it necessary to provide for the direct deposit of any amounts due from the State of Illinois, as provided in this Section 9(b), the title of the Bonds set forth in the ordinance may be appropriately revised to reflect such requirement of direct deposit.

SECTION 10. In the event that amounts to be deposited in the *Ad Valorem* Tax Escrow Account and the State Revenue Escrow Account are not available in time to make any payments of principal of or interest on the Bonds when due, then the fiscal officers of the City are hereby directed to make such payments in accordance with the Escrow Agreement, if any, from any other moneys, revenues, receipts, income, assets or funds of the City that are legally available for that purpose in advancement of the collection of such taxes and when the proceeds of the taxes are received, such other funds shall be replenished, all to the end that the credit of the City may be preserved by the prompt payment of the principal of and the interest on the Bonds as the same become due.

SECTION 11. A copy of this ordinance, duly certified by the City Clerk, shall be filed in the respective offices of the County Clerks of Cook and DuPage Counties, Illinois (the "County Clerks"), and such filing shall constitute the authority for and it shall be the duty of said County Clerks, in each year beginning in 1986, to and including 2011, to extend the taxes levied pursuant to Section 7 hereof for collection, such taxes to be in addition to and in excess of all other taxes heretofore or hereafter authorized to be levied by the City on its behalf.

A copy of this ordinance, duly certified by the City Clerk, shall also be filed with the Refunding and Project Bonds Escrow Agent, if any, the Bond Registrar, and if the County Collectors of Cook and DuPage Counties are authorized to deposit the proceeds of the taxes levied pursuant to Section 7 hereof directly with the Refunding and Project Bonds Escrow Agent pursuant to Section 9 hereof, with such County Collectors.

SECTION 12. The City Comptroller is hereby authorized to sell all or any portion of the Bonds from time to time, with the concurrence of the Chairman of the Committee on Finance of the City Council, the Vice Chairman of the Committee on Finance of the City Council or the Chairman of the Committee on the Budget of the City Council, on such terms as he may deem to be in the best interests of the City; provided that the principal amount of and the interest on the Bonds sold of each maturity (after taking into account mandatory redemptions) shall not exceed the amount levied therefor as specified in Section 7 hereof. The Refunding Series may be sold separately from the Project Series and the Project Series may be sold from time to time as the City Comptroller shall determine that the proceeds of such sales are needed.

Notwithstanding any of the provisions of Sections 2, 3 and 4 hereof to the contrary, any single maturity or maturities of the Project Series may be sold as Bonds ("Local Purchase Program Bonds") bearing interest at a fixed rate for each such maturity, which Local Purchase Program Bonds shall be in denominations of \$500 or integral multiples thereof, shall be sold by the City directly to investors pursuant to a sales program to be determined by the Comptroller which shall provide that no single registered owner may own more than

\$5,000, measured by purchase price, of such Local Purchase Program Bonds at any time and may provide that the owners of such Local Purchase Program Bonds may periodically demand the redemption or purchase of their Bonds by the payment of the principal thereof and accrued interest thereon from funds on hand and lawfully available of the City, but not more frequently than the first days of January and July of each year.

Notwithstanding any of the provisions of Sections 2, 3 or 4 hereof, all or any portion of the Project Series may be sold as Bonds ("Capital Appreciation Bonds"), which shall be of such denominations as shall be determined by the Comptroller at the time of sale of the Bonds, shall bear interest from the date of issuance thereof, at such rates per annum as shall be determined at the time of the sale, compounded semi-annually on July 1 and January 1, commencing on such July 1 or January 1 as shall be determined by the Comptroller, and payable only at the date of maturity or earlier redemption of such Capital Appreciation Bonds and such Capital Appreciation Bonds to be redeemable at the compound accreted value thereof at the date of redemption, plus such redemption premium, not in excess of 3% of the compound accreted value of such Capital Appreciation Bond or Bonds so called for redemption, as shall be determined by the Comptroller.

Subsequent to each such sale, the City Comptroller shall file in the office of the City Clerk a notification of sale directed to the City Council setting forth the name of the underwriters of the Bonds, the terms of the sale, whether any of the Bonds so sold are Local Purchase Program Bonds or Capital Appreciation Bonds and, if so, the terms, provisions and conditions of sale hereof, the date of the Bonds sold, the aggregate principal amount of Bonds sold, the particular Bonds allocable to the Refunding Series and to the Project Series, the principal amount of Bonds maturing and mandatorily redeemable in each year, the optional redemption provisions applicable to the Bonds sold, the interest rate or rates on the Bonds sold and the information regarding the title of the Bonds and the direct deposit into the State Revenue Escrow Account of certain moneys due from the State of Illinois to the City as described in Section 9(b) hereof and thereafter the Bonds so sold shall be duly prepared and executed in the form and manner provided herein and delivered to the City Treasurer for delivery to the purchaser or purchasers in accordance with the terms of sale. The initial notification of sale directed to the City Council as provided above shall include the name of the Bond Registrar designated for the Bonds.

The Mayor and the City Comptroller are hereby authorized to execute and deliver a contract of purchase with respect to each sale of all or a portion of the Bonds each such contract of purchase to be in substantially the form attached hereto as Exhibit B, with such changes as shall be approved by the officer or officers executing the same, with such execution to constitute conclusive evidence of their approval and the City Council's approval of any changes or revisions therein from the form of contract of purchase attached hereto.

In connection with any sale of the Bonds, the City Comptroller is hereby authorized to obtain a policy of bond insurance from such recognized bond insurer as the City Comptroller shall determine, if said Comptroller determines such bond insurance to be desirable in connection with such sale of the Bonds.

In the event that a portion of the Bonds are sold in any year (after taking into account mandatory redemptions) so as to require the levy of taxes in such year less than the amount

specified therefor in Section 7 hereof, then the City Comptroller shall, on or prior to December 31 of such year, notify the City Council of the amount of reduction in the amount levied in Section 7 hereof for such year resulting from such sale with lesser maturities (after taking into account mandatory redemptions) or at a lower rate or rates of interest, and, in addition, the City Comptroller shall file in the respective offices of the County Clerks certificates of tax abatement for the year. On or prior to December 31 of each year occurring prior to the initial sale of any of the Bonds, the City Comptroller shall notify the City Council that none of the Bonds are to be sold in that year and that the taxes levied in Section 7 hereof for that year are to be abated in full, and, in addition, the City Comptroller shall file in the respective offices of the County Clerks certificates of tax abatement for said year. In the event that upon the final sale of the Bonds, such Bonds have been sold (after taking into account mandatory redemptions) so as to require the levy of taxes in that year or any succeeding year less than the amount specified therefor in Section 7 hereof, then the City Comptroller shall include, in the final notification of sale to the City Council described in the first paragraph of this Section 12, the amount of reduction in the amount levied in Section 7 hereof for that year and any succeeding year resulting from such sale with lesser maturities (after taking into account mandatory redemption) or at a lower rate or rates of interest, and, in addition, the City Comptroller shall file in the respective offices of the County Clerks certificates of tax abatement for such year or years. Any certificate of abatement delivered pursuant to this paragraph shall refer to the amount of taxes levied pursuant to Section 7 hereof, shall indicate the amount of reduction in the amount of taxes levied by the City resulting from the then-current sale of the Bonds, which reduced amount is to be abated from such taxes, and shall further indicate the remainder of such taxes which is to be extended for collection by said County Clerks.

The preparation, use and distribution of a preliminary official statement and an official statement relating to each sale and issuance of the Bonds are hereby approved. The Mayor and City Comptroller are hereby authorized to execute and deliver an official statement relating to each sale and issuance of the Bonds on behalf of the City. The preliminary official statement and official statement herein authorized shall be in substantially the forms previously used for general obligation financings of the City with appropriate revisions to reflect the terms and provisions of the Bonds and to accurately describe the current condition of the City and the parties to the financing.

The Bonds shall be duly prepared and executed in the form and manner provided herein and delivered to the City Treasurer for delivery to the purchasers in accordance with the terms of sale.

The proceeds from the sale of any of the Bonds shall be used as follows:

- (a) The sum representing the accrued interest received from any such sale shall be used to pay the first interest becoming due on the Bonds sold, and to that end, shall be deposited in the *Ad Valorem* Tax Escrow Account, if established.
- (b) From the sale proceeds of the Refunding Series, the sum determined by the City Comptroller to be sufficient to pay the Notes at or prior to their respective maturities, at a price of not to exceed par and accrued interest on the Notes up to and including said redemption or maturity dates shall be applied to the refunding of the Notes. The City Comptroller is hereby authorized to determine prior to the

delivery of the Refunding Series whether the Notes will be refunded on the date of issuance and delivery of the Refunding Series, on some later redemption date for the Notes, on the respective maturity dates of the Notes or on any combination of such dates. The City Comptroller shall, prior to the delivery of the Refunding Series, file a notice with the City Clerk, directed to the City Council, of the determination made pursuant to the preceding sentence. In connection with such refunding, the City Comptroller is hereby authorized to give on behalf of the City any notice of redemption of the Notes required by the ordinances authorizing the issuance of the Notes. In the event that any of the Notes are not refunded on the date of issuance and delivery of the Refunding Series, the proceeds of the Refunding Series shall be deposited into a "Series 1980 Notes Trust Fund" and held by a bank or trust company to be designated by the Comptroller pursuant to the terms of an Escrow Agreement (the "Series 1980 Notes Escrow Agreement"), and the Mayor, the Treasurer, the City Comptroller and the City Clerk, or any of them, are hereby authorized to execute and deliver the Series 1980 Notes Escrow Agreement in such form as the officers so executing shall deem appropriate to effect the refunding described in this paragraph.

- (c) From the sale proceeds derived from time to time of the Project Series, (i) such sum as may be determined by the City Comptroller to be necessary to pay not more than one (1) year of interest on the Bonds sold to produce said proceeds may be used to pay such interest, and to that end, may be deposited in the *Ad Valorem* Tax Escrow Account, if established, and (ii) the sum determined by the City Comptroller to be necessary to pay the costs of the Projects shall be set aside and held as separate funds of the City pending such payment.
- (d) From the sale proceeds of the Bonds not applied as provided in paragraphs (b) and (c), above, the amount deemed necessary by the City Comptroller shall be applied to the payment of the costs of issuance of the Bonds, including the premium for bond insurance, if any, and any unexpended portion of the sale proceeds shall be paid to the City.

Pending the preparation and execution of the definitive Bonds, as herein provided, temporary Bonds may be executed and delivered to the purchasers upon receipt of the purchase price therefor. The Bonds shall be in the same form and tenor as herein provided, beginning with the number T-1, and shall be executed by the facsimile signatures of the Mayor and the City Comptroller, and attested by the facsimile signature of City Clerk or Deputy City Clerk and authenticated by the Bond Registrar by manual signature. The temporary Bonds shall be exchanged for the definitive Bonds as soon as may be on the basis of par for par.

SECTION 13. The City covenants that it will take no action in the investment of the proceeds of the Bonds which would result in making the interest payable on any of the Bonds subject to federal income taxes by reason of the Bonds being classified as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as heretofore or hereafter amended (the "Code").

The City further covenants that it will act with respect to the proceeds of the Bonds, the earnings on the proceeds of the Bonds and any other moneys on deposit in any fund or

account maintained in respect of the Bonds, including, if necessary, a rebate of such earnings to the United States of America, in a manner which would cause the interest on the Bonds to continue to be exempt from federal income taxation under Section 103(a) of the Code, or any successor Internal Revenue Code of the United States of America. The Comptroller is hereby authorized to execute such agreements as shall be necessary, in the opinion of nationally recognized bond counsel, to evidence the City's compliance with the covenants contained in this paragraph.

SECTION 14. This ordinance is prepared in accordance with the powers of the City as a home rule unit under Article VII of the 1970 Illinois Constitution. The appropriate officers of the City are hereby authorized to take such actions and do such things as shall be necessary to perform, carry out, give effect to and consummate the transactions contemplated by this ordinance, and the Bonds.

SECTION 15. The Mayor and the City Comptroller may each designate another to act as their respective proxy and to affix their respective signatures to the Bonds whether in temporary or definitive form, and any other instrument, certificate or document required to be signed by the Mayor or the City Comptroller pursuant to this ordinance and any instrument, certificate or document required thereby. In such case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor and the City Comptroller, respectively. A written signature of the Mayor or of the City Comptroller, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with the signatures attached, shall be recorded in the Journal of the Proceedings of the City Council and filed with the City Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of the City Comptroller is so affixed to an instrument, certificate or document at the direction of the City Comptroller, the same, in all respects, shall be binding on the City as if signed by the City Comptroller in person.

SECTION 16. If requested by the Bond Registrar, the Mayor, City Comptroller and City Clerk are authorized to execute the standard form of agreement between the City and the Bond Registrar with respect to the obligations and duties thereof.

SECTION 17. If payment or provision for payment is made, to or for the holders and owners of the Bonds, of the principal of and interest due and to become due thereon at the times and in the manner stipulated therein, and there is paid or caused to be paid to the Bond Registrar, or the Escrow Agent as provided in Section 9 hereof, all sums of money due and to become due according to the provisions hereof, then these presents and the estate and rights hereby granted shall cease, determine and be void except for purposes of registration, transfer and exchange of Bonds and any such payment from such moneys or obligations. Any Bond shall be deemed to be paid within the meaning of this Section when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in this ordinance or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided for by irrevocably depositing with the Bond Registrar, or the Escrow Agent as provided in Section 9 hereof, in

trust and exclusively for such payment, (1) moneys sufficient to make such payment or (2) (A) direct obligations of the United States of America; (B) obligations of agencies of the United States of America, the timely payment of principal of and interest on which are guaranteed by the United States of America; or (C) instruments evidencing an ownership interest in obligations described in the preceding clauses (A) and (B), or (3) a combination of the investments described in clauses (1) and (2) above, such amounts so deposited being available or maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment (all as confirmed by a nationally recognized firm of independent public accountants). At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this ordinance, except for the purposes of registration, transfer and exchange of Bonds and any such payment from such moneys or obligations.

No such deposit under this Section shall be made or accepted hereunder and no use made of any such deposit unless the Bond Registrar, or the Escrow Agent, as the case may be, shall have received an opinion of nationally recognized municipal bond counsel to the effect that such deposit and use would not cause any of the Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code or any successor provision thereto.

SECTION 18. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall be controlling. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

This ordinance shall be published by the City Clerk, by causing to be printed in pamphlet form at least 100 copies hereof, which copies are to be made available in his office for public inspection and distribution to members of the public who may wish to avail themselves of a copy of this ordinance, and this ordinance shall be in full force and effect from and after its adoption, approval by the Mayor and publication.

Exhibits A and B attached to this ordinance read as follows:

Exhibit A.

*Neighborhood Capital Improvement Program
\$130 Million General Obligation
Bond Issue*

1.	Expand Cart Program City-Wide - Purchase of Carts, Dumpsters and the retrofit of refuse trucks.	\$22,128,000
2.	Neighborhood Resurfacing and Improvement Program - Resurface 3 miles of neighborhood streets and additional capital	50,000,000

investments per ward.

3.	Neighborhood Capital Programs	17,400,000
a.	Streets and Sidewalks: Construct and reconstruct unimproved streets, alleys, 50/50 sidewalks, and vaulted sidewalks.	
b.	Lighting -- Installation of new and renovated traffic signals and other lighting improvements.	6,500,000
c.	City Facilities -- Renovation of municipal facilities, and advance design/contingency.	10,122,000
d.	Economic Development -- Reconstruction of business areas and industrial streets; and continued development of high technology park.	11,250,000
e.	Midway Air Crash Rescue Facility -- Construction of combined airport neighborhood facility. To be matched with Federal funds.	2,700,000
f.	Handicapped Accessibility Improvements -- Improvements to City facilities/streets to enhance accessibility to handicapped.	1,000,000
g.	Boulevard Restoration -- Improvements to Boulevard sites in conjunction with other local funds.	<u>500,000</u>
	SUBTOTAL NEIGHBORHOOD CAPITAL PROGRAMS:	<u>\$49,472,000</u>
4.	City-Wide Programs	
a.	Solid Waste Disposal -- Improvements and advance design for solid waste disposal projects.	2,100,000
b.	Streets and Sanitation Operating Facilities -- Improvements to maintenance and repair facilities and auto pound site.	3,300,000
c.	Navy Pier -- Continued structural improvements to Navy Pier.	<u>3,000,000</u>

11/24/86

UNFINISHED BUSINESS

37339

SUBTOTAL CITY-WIDE PROGRAMS:	<u>8,400,000</u>
TOTAL 1987 GENERAL OBLIGATION BOND PROGRAM:	<u>\$130,000,000</u>

Exhibit B.

*City of Chicago
Cook County, Illinois*

*General Obligation Bonds,
Refunding Series of 1986*

BOND PURCHASE AGREEMENT:

City of Chicago
Office of the Comptroller
City Hall
Chicago, Illinois 60602

October 23, 1986

Gentlemen:

The undersigned _____ (the "Representative"), on behalf of itself, _____ (the "Senior Managing Underwriters"), and the other underwriters listed in Schedule I attached hereto (collectively, the "Underwriters"), hereby offers to enter into this Bond Purchase Agreement (the "Agreement") with the City of Chicago, Illinois (the "City"), which, upon the execution of this Agreement by the City as hereinafter provided, will become a binding agreement between the City and the Underwriters. This offer is made subject to its acceptance by the City on or before 4:00 P.M., Chicago time, on the date hereof.

1. Purchase and Sale of the Bonds. In reliance upon the representations, warranties, and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriters jointly and severally agree to purchase from the City, and the City agrees to sell to the Underwriters, \$203,955,000 principal amount of City of Chicago General Obligation Bonds, Refunding Series of 1986 (the "Bonds"), at a purchase price of \$_____ plus accrued interest from the dated date of the Bonds to the Closing Date (as hereinafter defined) at the coupon rates of interest as set forth on the cover page of the Official Statement dated the date hereof relating to the Bonds (including any Exhibits and Appendices thereto, the "Official Statement"), which Official Statement is attached hereto as Exhibit I. The Bonds shall be as described in, and shall be issued and secured under the terms of, the ordinance adopted by the City Council of the City of Chicago on August 28, 1986 (the "Ordinance"), and the Official Statement.

2. Representations, Warranties and Covenants of the City. The City represents, warrants, and covenants that:

(a) Concurrently with the City's acceptance hereof, the City will deliver to the Representative the Official Statement executed by the City as indicated thereon. The City hereby authorizes the Official Statement and the information contained therein to be used in connection with the offer and sale of the Bonds by the Underwriters and confirms that it has authorized the use of the Preliminary Official Statement dated October 10, 1986 (including any Exhibits and Appendices thereto, the "Preliminary Official Statement").

(b) At the time of delivery to the Underwriters, the Preliminary Official Statement and the Official Statement, including the financial statements and all financial and statistical data contained in both, shall be and at the hereinafter defined Closing Date will be, accurate in all material respects; and the Preliminary Official Statement shall not and will not, as of such dates, include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they are or were made, not misleading. If the Official Statement is amended or supplemented pursuant to Section 5(a) hereof, at the time of each amendment or supplement thereto, and at the Closing Date, the Official Statement as amended or supplemented will be accurate in all material respects, and such Official Statement will not, as of such dates, include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The representations made pursuant to this sub-paragraph 2(b) are not made with respect to information contained in the Preliminary Official Statement or the Official Statement supplied by the Municipal Bond Insurance Association ("M.B.I.A.").

(c) The City has full authority pursuant to its home rule powers under Article VII, Section 6 of the Constitution of the State of Illinois (the "Act") to: (i) enter into this Agreement, the hereinafter defined Refunding Escrow Agreement, and the hereinafter defined Escrow Agreement; (ii) issue and sell the Bonds as provided in the Ordinance and this Agreement; (iii) perform its obligations under and as contemplated in this Agreement; (iv) perform its obligations under and as contemplated in the hereinafter defined Escrow Agreement, the hereinafter defined Refunding Escrow Agreement, and in the Bonds; and (v) pledge its full faith and credit to the punctual payment of principal of and interest on the Bonds, to levy taxes for the payment thereof, to direct the deposit of tax collections sufficient to pay principal of and interest on the Bonds in a separate and segregated escrow account (the "Escrow Account") maintained by Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois (the "Escrow Agent") pursuant to the Escrow Agreement (Refunding Series of 1986), dated as of October 1, 1986 (the "Escrow Agreement") between the City and the Escrow Agent, and to grant to the holders of the Bonds a claim against such levy and an equal and ratable first and prior lien upon all present and future proceeds of such levy when deposited in the Escrow Account until principal of and interest on the Bonds are paid in full.

(d) The City is a municipal corporation and home rule unit of government duly organized and existing under the Constitution and laws of the State of Illinois.

(e) The Bonds and the Ordinance conform to the description thereof contained in the Official Statement and any amendment or supplement thereto, and the Bonds, when delivered and paid for by the purchasers thereof, will have been duly authorized, executed, issued, authenticated, and delivered and will constitute legal, valid, and binding, full faith

and credit, direct and general obligations of the City, enforceable in accordance with their terms (except as enforcement of such terms may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditor's rights generally or affecting the enforcement of creditor's rights against municipalities or state agencies or authorities, such as the Issuer and except that the availability of specific performance or of injunctive relief is subject to the discretion of the court before which any proceedings may be brought), the principal of and interest on such Bonds payable from *ad valorem* taxes to be levied on all taxable property within the boundaries of the City, without limitation as to rate or amount.

(f) The execution and delivery of this Agreement, the Bonds, the Ordinance, the hereinafter defined Refunding Escrow Agreement, and the Escrow Agreement, and compliance with the provisions hereof and thereof, will not conflict with or result in a violation of the Constitution of the State of Illinois, the laws of the State of Illinois, or the ordinances of the City, including any restrictions or conditions on the debt-issuing power of the City, and will not conflict with or result in a violation of, or breach of, or constitute a default under, any law or administrative regulation or any of the terms, conditions, or provisions of any judgment, decree, loan agreement, note, resolution, indenture, mortgage, deed of trust, or other agreement or instrument to which the City is a party or by which it is bound.

(g) No action, suit, inquiry, investigation, or other proceeding is pending or, to the knowledge of the City, threatened in or before any court, governmental agency, authority, body, or arbitrator in any way affecting the existence of the City or the title of any official of the City to his office that would affect the validity of or enforceability of this Agreement, the Ordinance, the Bonds, or the Escrow Agreement, or seeking to restrain or enjoin the issuance, sale, or delivery of the Bonds, or the collection or the pledge of taxes to pay principal of or interest on the Bonds, or the deposit of tax collections sufficient to pay principal of and interest on the Bonds into the Escrow Account, or the equal and ratable first and prior lien and claim of Bondholders upon all present and future proceeds of such levy when deposited in the Escrow Account, or in any way contesting or affecting the validity or enforceability of this Agreement, the Ordinance, the Bonds, the hereinafter defined Refunding Escrow Agreement or the Escrow Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers or authority of the City with respect to this Agreement, the Ordinance, the Bonds, the hereinafter defined Refunding Escrow Agreement, or the Escrow Agreement, or the exemption of interest on the Bonds from federal income taxation.

(h) By adoption of the ordinance, the City has duly authorized the execution, delivery, and due performance of this Agreement, the Escrow Agreement, the Refunding Escrow Agreement, and the Bonds, and the taking of any action as may be required on the part of the City to consummate the transactions contemplated herein and, except as may be required under the securities laws of any state, there is no consent, approval, authorization, or other order of, filing with, registration with, or certification by, any regulatory authority having jurisdiction over the City, and no election or referendum of or by any person, organization, or public body whatsoever required in connection with any of the foregoing actions; there are no provisions of Illinois law that would allow as of the date hereof or any date subsequent hereto any public vote or referendum, the results of which

would invalidate the ordinance or invalidate, limit, or condition the obligations of the City undertaken hereunder or in connection with the transactions contemplated hereby.

(i) There is no public vote or referendum pending, proposed, or concluded, the results of which would in any way adversely affect the transactions contemplated by, or the validity, or the enforceability of, the Bonds, this Agreement, the Escrow Agreement, or the Ordinance, or that would adversely affect the exemption of interest on the Bonds from federal income taxation.

(j) Any certificate signed by the Mayor or Comptroller of the City, or both, and delivered to the Senior Managing Underwriters, shall be deemed a representation and warranty by the City to the Underwriters as to the truth of those statements made by the City therein.

(k) The City has not been notified of any listing or proposed listing of it by the Internal Revenue Service as a bond issuer whose arbitrage certifications may not be relied upon.

(l) The City shall cooperate in the qualification or registration of the Bonds for sale in the various states, as necessary, according to any applicable "blue-sky" laws or regulations, provided however, the City shall not be required to consent to the service of process in any jurisdiction other than Illinois.

3. Delivery of the Bonds. Payment of the purchase price for the Bonds as set forth in Section 1 hereof shall be made by immediately available funds drawn to the order of the City at 10:00 A.M., Chicago time, November 13, 1986, at the office of the Representative and the City determine, against delivery of the Bonds in the form duly executed and delivery of other instruments and documents required to be delivered hereunder to the Representative, such time of payment and delivery being herein referred to as the "Closing Date". The Bonds will be issued in global book-entry form with a single certificate for each series or maturity to be delivered by the City to the Representative at the place where delivery is to be made, or such other place as the Representative or the City may determine, by 12:00 noon on the date preceding the Closing Date, for deposit with Midwest Securities Trust Company (the "Depository"); and the Bonds shall be registered on the registration books of the City to "Kray & Company," the nominee of the Depository.

4. Good Faith Check. Delivered to the City herewith is a certified or bank cashier's check payable to the order of the City in Chicago Clearing House funds in the amount of \$2,250,000. If the City does not accept this Agreement, such check will be immediately returned to the Representative. Should the City fail to deliver the Bonds on the Closing Date, or should the City be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of, and pay for the Bonds, as set forth in this Agreement (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason permitted by this Agreement, \$2,250,000 shall be paid by the City to the Representative on demand. If the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of, and pay for the Bonds on the Closing Date as herein provided, such amount shall be retained by the City as and for fully liquidated damages for such failure of the Underwriters and for any defaults hereunder on the part of the Underwriters and, except as set forth in Sections 7 and 9 hereof, neither party shall have any further rights against the other hereunder. Upon the closing of the sale of the Bonds, the amount paid pursuant to this paragraph and the

amount paid to the hereinafter defined Bond Insurer shall be deducted from the purchase price payable pursuant to Section 1 hereof.

5. Additional Covenants of the City.

(a) The City will not amend or supplement the Official Statement without discussing any such amendment or supplement with the Representative. The parties hereto will advise each other promptly of the institution of any proceedings by any governmental agency or otherwise affecting the use of the Official Statement in connection with the offer and the sale of the Bonds.

(b) If at any time when an Official Statement is delivered in connection with offers and sales of the Bonds, an event occurs as a result of which the Official Statement as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the parties hereto will cooperate with each other in the prompt preparation of an amendment or supplement that will correct such statement or omission, the costs of such amendment or supplement to be borne by the City.

(c) The City will furnish or cause to be furnished to the Underwriters copies of the Official Statement and all amendments and supplements thereto, in each case as soon as available in such quantities as the Representative may reasonably request.

6. Conditions of the Obligations of the Underwriters. The obligations of the Underwriters to purchase and pay for the Bonds will be subject to the accuracy, completeness, and correctness on the date hereof and at all times hereafter up to and including the Closing Date of the representations, warranties, and covenants on the part of the City herein, to the performance by the City of its obligations hereunder, and to the following additional conditions precedent:

(a) The Bonds, this Agreement, the Escrow Agreement, the Ordinance, and the Official Statement shall have been duly authorized and executed by the City; all necessary action of the City relating to this Agreement, the Bonds, the Escrow Agreement, the Ordinance, and the Official Statement shall be in full force and effect and shall not have been amended, modified or supplemented; this Agreement, the Escrow Agreement, the Ordinance, and the Official Statement shall be in full force and effect and shall not have been amended, modified or supplemented; and there shall have been taken in connection with the issuance of the Bonds and with the transactions contemplated hereby and thereby all such actions as, in the opinion of Bond Counsel, are necessary and appropriate.

(b) The escrow agreement by and between the City and Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, as Escrow Agent, dated October 1, 1986 (the "Refunding Escrow Agreement"), relating to the establishment of an escrow account to advance refund the Refunded Bonds (as defined in the Official Statement) shall have been executed and delivered by the parties thereto and shall be in full force and effect, except for the deposit of funds therein.

(c) Subsequent to the date of this Agreement and on and prior to the Closing Date:

(i) The marketability of the Bonds or the contemplated offering price thereof shall not, in the opinion of the Representative, have been materially adversely affected by an amendment to the Constitution of the United States of America or the State of Illinois or by any federal or Illinois legislation, pending or effective (other than the Tax Reform Act of 1986 (as described in the Preliminary Official Statement)), or by any decision of any federal or Illinois court or by any order, ruling, or regulation (final, temporary, or proposed) of the Treasury Department of the United States of America, the Internal Revenue Service, or other federal or Illinois authority or regulatory body, affecting the status of the City, its property, or income, the City's securities (including the Bonds), or the interest thereon, or any tax exemption with respect to the City's securities (including the Bonds), or the interest thereon, granted or authorized by the Internal Revenue Code of 1954, as amended.

(ii) No stop order, ruling, regulation, or official statement by, or on behalf of, any governmental agency having jurisdiction shall have been issued or made to the effect that the issuance, offering, or sale of obligations of the general character of the Bonds, or the issuance, offering, or sale of the Bonds, as contemplated hereby or by the Official Statement, is in violation of or would be in violation of any provision of federal or Illinois securities laws.

(iii) No legislation shall have been enacted by the Congress of the United States of America and no decision by a court of the United States of America shall have been rendered to the effect that obligations of the general character of the Bonds, or the Ordinance, Escrow Agreement, or the Bonds, are not exempt from registration or qualification under the federal securities laws or other similar laws.

(iv) No additional material restrictions not in force as of the date hereof shall have been imposed by any governmental authority or by any national securities exchange upon the trading in securities generally.

(v) No rating of any of the City's general obligation securities (including the Bonds) shall have been downgraded or withdrawn by a national rating service, the effect of which, in the opinion of the Representative, is or would be to materially adversely affect the market price of the Bonds.

(vi) None of the following events shall have occurred: (A) the engagement by the United States of America in hostilities that have resulted in a declaration of war or national emergency, or the occurrence of any other outbreak of hostilities or national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity, or crisis on the financial markets of the United States of America being such, in the opinion of the Representative, as would materially adversely affect the ability of the Underwriters to market the Bonds; (B) a general suspension of trading on the New York Stock Exchange or the American Stock Exchange; (C) the establishment of limited or minimum prices on such exchanges; (D) the declaration of a banking moratorium either by federal, New York State, or Illinois authorities; or (E) an event described in Section 5(b) shall have occurred that, in the opinion of the Representative, requires an amendment or supplement to the Official Statement.

(d) At the Closing Date, no litigation shall be threatened or pending in any court, nor shall any referendum or public vote be threatened or pending, nor shall any proceeding before or by any governmental agency, authority, body, or arbitrator be threatened or pending, in any such case: (i) seeking to restrain or enjoin the issuance, sale, or delivery of any of the Bonds or the payment, collection, or application of the proceeds thereof or payments of other moneys or property pledged or to be pledged under the Ordinance; or (ii) in any way questioning or affecting the validity of the Bonds or any provisions of this Agreement; the Ordinance, the Escrow Agreement, the Refunding Escrow Agreement, or any proceedings taken by the City or the Underwriters with respect to any of the foregoing; (iii) questioning the City's creation or organization, or the existence of the title to office of any of its officers that would affect the validity or enforceability of this Agreement, the Ordinance, the Bonds, the Refunding Escrow Agreement, or the Escrow Agreement, or the City's power to engage in any of the transactions contemplated by this Agreement, the Ordinance, the Refunding Escrow Agreement; or (iv) questioning the exemption of interest on the Bonds from federal income taxation.

(e) The Representative shall have received, dated as of the Closing Date:

(i) An opinion of Acting Corporation Counsel of the City, substantially in the form attached hereto as Exhibit II.

(ii) Unqualified separate approving opinions of Chapman and Cutler and Earl L. Neal, Esq., Co-Bond Counsel, substantially in the form attached to the Official Statement as Appendix D.

(iii) Separate supplement opinions of Chapman and Cutler and Earl L. Neal, Esq. addressed to the City and the Representative, in the form attached hereto as Exhibit III.

(iv) Separate opinions of Rudnick & Wolfe and Washington, Kennon, Hunter & Samuels, co-counsel to the Underwriters, addressed to the Representative, in the form attached hereto as Exhibit IV.

(f) The Representative shall have received a certificate dated the Closing Date, signed by the Mayor and the Comptroller of the City, in which such officials state:

(i) that the representations, warranties, and covenants of the City in this Agreement are true and correct on and as of the Closing Date, and the City has complied with all covenants and agreements and satisfied all conditions and terms on its part to be performed or satisfied at or prior to the Closing Date;

(ii) that the Official Statement, including any amendment or supplement thereto, does not contain any untrue statement of a material fact or omit to state a material fact that should be included therein for the purposes for which such Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading (except that no statement shall be made with respect to information contained therein provided by M.B.I.A.);

(iii) that certain facts, estimates, and circumstances, which shall be set forth in such certificate with such particularity as will enable Bond Counsel to render the opinion required under Section 6(e) of this Agreement, establishing that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, and the regulations thereunder, and that, to the best of their knowledge and belief, there are no facts or circumstances that would change the foregoing conclusion; and

(iv) that no action, suit, inquiry, investigation, or other proceeding is pending, or, to the knowledge of such officials, threatened in or before any court, governmental agency, authority, body, or arbitrator in any way affecting the existence of the City or the title of any official of the City to his office that would affect the validity or enforceability of this Agreement, the Ordinance, the Bonds, the Refunding Escrow Agreement, or the Escrow Agreement, or seeking to restrain or to enjoin the issuance, sale, or delivery of the Bonds, or the collection or pledge of taxes to pay principal of or interest on the Bonds, or the deposit of tax collections sufficient to pay principal of and interest on the Bonds into the Escrow Account, or the equal and ratable first and prior lien and claim of the Bondholders upon all present and future proceeds of such levy when deposited in the Escrow Account, or in any way contesting or affecting the validity or enforceability of this Agreement, the Ordinance, the Bonds, the Refunding Escrow Agreement, or the Escrow Agreement, or contesting in any way the completeness or accuracy of the Official Statement, or the powers or authority of the City with respect to this Agreement, the Ordinance, the Bonds, the Refunding Escrow Agreement, or the Escrow Agreement, or the exemption of interest on the Bonds from federal income taxation.

(g) The Representative shall have received as of the Closing Date:

- (i) the Official Statement, executed on behalf of the City by the City Comptroller;
- (ii) The Ordinance certified as having been duly adopted by the City;
- (iii) an executed counterpart of the Escrow Agreement;
- (iv) an executed counterpart of the Refunding Escrow Agreement;
- (v) a counterpart original of a transcript of all proceedings relating to the authorization and issuance of the Bonds, certified on behalf of the City by the City Clerk;
- (vi) a letter dated the Closing Date and addressed to the Representative from Coopers & Lybrand, independent public accountants, stating that they consent to the use in Appendix A to the Official Statement of their report covering the audited financial statements contained in such appendix;
- (vii) a letter dated the Closing Date and addressed to the Representative from Coopers & Lybrand, independent public accountants, in form and substance satisfactory to the Representative;

(viii) a copy of the verification report of Coopers & Lybrand, referred to in the Official Statement under the heading "Certain Verifications", in form and substance satisfactory to the Representative and the Escrow Agent.

(ix) a letter dated the Closing Date and addressed to the City and to the Representative from Donald F. Campbell, Consulting Actuaries, stating that they consent to the use in Appendix B to the Official Statement of their report covering the pension funds of the City; and

(x) such additional certificates, proceedings, opinions, instruments, legal opinions, and other documents as the Representative may reasonable request in connection with the transactions contemplated by this Agreement.

(h) On or prior to the Closing Date, the Municipal Bond Insurance Association (the "Bond Insurer") shall have issued a policy of insurance to the Insured Bonds (as defined in the Official Statement) substantially in the form set forth in Appendix F to the Official Statement.

(i) On or prior to the Closing Date, Standard and Poor's Corporation shall have issued ratings of not lower than AAA as to the Insured Bonds and not lower than BBB+ as to the Bonds that are not Insured Bonds, and Moody's Investors Service shall have issued ratings of not lower than Aaa as to the Insured Bonds and not lower than Baa1 as to the Bonds that are not Insured Bonds.

Any opinions, letters, or certificates required to be addressed to the Representative hereunder shall be addressed to the Representative "as representative of the Underwriters."

If any of the conditions specified in this Section shall not have been fulfilled when and as required by this Agreement, or if any of the opinions, instruments, documents, proceedings, or certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Representative, this Agreement and all obligations of the Underwriters hereunder may be cancelled by the Representative at, or at any time prior to, the Closing Date. Notice of such cancellation shall be given to the City in writing, or by telegraph confirmed in writing.

7. Certain Costs and Expenses.

(a) The Underwriters shall be under no obligation to pay, and the City shall pay, all expenses incident to the performance of the City's obligations hereunder, including but not limited to: (i) the cost of the preparation and printing of the Ordinance, and, in accordance with Subsection 5(c) hereof, the Official Statement in preliminary and final form (including any amendments or supplements thereto); (ii) the cost of the preparation and delivery to the Underwriters of the global book-entry certificates for the Bonds, the fees and expenses of maintaining registration of the Bonds; (iii) the fees and disbursements of Chapman and Cutler and Earl L. Neal, Esq., Co-Bond Counsel, the Escrow Agent under the Escrow Agreement, the Escrow Agent under the Refunding Escrow Agreement, the Depository and its agents and nominees, the City's accountants and advisors, and of any

other experts or consultants (including Coopers & Lybrand, independent public accountants) retained in connection with the issuance and sale of the Bonds; (iv) rating agency fees; (v) the premium payable in connection with the issuance of the policy of insurance described above in Section 6(h); and (vi) any other expenses not enumerated in the paragraph immediately below incurred in connection with the issuance of the Bonds.

(b) The Underwriters shall pay: (i) the cost of preparation and printing of the Agreement Among Underwriters and this Agreement; (ii) all advertising expenses in connection with the public offering of the Bonds; (iii) the fees and disbursements of Rudnick & Wolfe and Washington, Kennon, Hunter & Samuels, co-counsel for the Underwriters, including preparation of the Blue Sky Memorandum and the Legal Investment Survey; and (iv) all other expenses incurred by them in connection with their public offering and distribution of the Bonds.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, including, without limitation, those laws applicable to contracts made and to be performed in that state.

9. Survival of Certain Representations and Obligations. The respective agreements, representations, warranties, and other statements of the City and its officers and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation or statement as to the results thereof made by or on behalf of the Underwriters, the City, or any of their officers or controlling persons, and will survive delivery of and payment for the Bonds.

10. Successors. This Agreement will inure to the benefit of and binding upon the parties hereto and their successors, officers, and controlling persons, and no other person will have any rights or obligations hereunder.

11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

12. Notice. All communications hereunder will be in writing and mailed, delivered, or telegraphed, and confirmed and addressed as follows:

(a) if to the Representative: The First National Bank of Chicago, One First National Plaza, Suite 0826, Chicago, Illinois 60670, Attention: Public Finance Division;

(b) if to the City: City of Chicago, Office of the Comptroller, Room 501, City Hall, 121 North LaSalle Street, Chicago, Illinois 60602, with a copy to: Corporation Counsel, 511 City Hall, 121 North LaSalle Street, Chicago, Illinois 60602.

13. Effective Date. This Agreement shall become effective upon the execution of the acceptance hereof by the City Comptroller of the City with the concurrence of the Chairman of the Finance Committee of the City Council and shall be valid and enforceable as of the time of such acceptance.

11/24/86

UNFINISHED BUSINESS

37349

on behalf of itself and the
Underwriters listed on
Schedule I hereto

By:

ACCEPTED:

October 23, 1986

City of Chicago, Illinois

By: _____
Comptroller, City of Chicago

CONCURRED WITH:

October 23, 1986

City of Chicago, Illinois

By: _____
Chairman of the Committee on
Finance, City Council of Chicago

Schedules I, II, III, and IV attached to this agreement read as follows:

Schedule I

Exhibit I

The Official Statement.

Exhibit II

[Form of Opinion of Acting Corporation Counsel]

October _____, 1986

As Representative of the Underwriters

Re: City of Chicago, Illinois, General Obligation Bonds, Refunding Series of 1986

Gentlemen:

I am counsel for the City of Chicago, Illinois (the "City"). In connection with the issuance today by the City of \$ _____ aggregate principal amount of its General Obligation Bonds, Refunding Series of 1986 (the "Bonds"), I have caused to be examined, among other things, the following:

A. Public records, proceedings, and documents in connection with the organization and establishment of the City.

B. The proceedings of the City Council of the City pertaining to the adoption of an ordinance (the "Bond Ordinance") on August 28, 1986, authorizing the issuance, sale,

and delivery of the Bonds by the City and authorizing City officers to do all things necessary to implement the terms of the Bond Ordinance and the contracts that are created by the Bonds and the Bond Ordinance.

C. The executed Bonds, Bond Purchase Agreement described below, the Preliminary Official Statement dated October 10, 1986 and the Official Statement dated October _____, 1986, the hereinafter defined Refunding Escrow Agreement, the hereinafter defined Escrow Agreement, and various closing certificates concerning the issuance and sale of the Bonds.

In addition, I have examined, or caused to be examined, and relied upon other documents, legal opinions, instruments, or records as I have believed necessary to examine in order to give the opinions and make the statements in this letter.

Based on the foregoing, and in reliance thereon, it is my opinion that:

1. The City is a political subdivision and home rule municipal corporation of the State of Illinois duly organized and existing as such under the laws of the State of Illinois, and, pursuant to the provisions of the Constitution and laws of the State of Illinois and the Bond Ordinance, the City is empowered to issue the Bonds.

2. The City has full right, power, and authority to adopt the Bond Ordinance, and no consents, approvals, or authorizations are required by any governmental body for the City to carry out the transactions contemplated by the Bonds, the Bond Ordinance, the Bond Purchase Agreement (the "Agreement") dated October _____, 1986, between the City and the Underwriters (as defined in the Agreement), the escrow agreement dated as of October 1, 1986, between the City and Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, relating to the establishment of an escrow account to advance refund the Refunded Bonds (as defined in the Official Statement) (the "Refunding Escrow Agreement"), and the Escrow Agreement dated as of October 1, 1986, between the City and Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, for the direct transfer of funds from the Cook County Collector and the DuPage County Collector (the "Escrow Agreement").

3. The Bond Ordinance has been duly adopted by the City Council, has not been amended or repealed, and remains in full force and effect.

4. The Bonds, the Refunding Escrow Agreement, the Escrow Agreement, the Agreement, the Preliminary Official Statement dated October 10, 1986, and the Official Statement dated October _____, 1986 (collectively, the "Official Statement") have been duly authorized, executed, and delivered by the City.

5. The Bonds, the Bond Ordinance, the Refunding Escrow Agreement, the Escrow Agreement, and the Agreement constitute valid and binding obligations of the City enforceable in accordance with their terms, except as may be limited by bankruptcy, insolvency, or other similar laws relating to enforceability of creditors' rights and subject to the exercise of judicial discretion in accordance with principles of law or equity applicable to legal or equitable remedies.

6. The execution, delivery, and performance by the City of the Bonds, the Bond Ordinance, the Official Statement, the Refunding Escrow Agreement, the Escrow Agreement, and the Agreement will not conflict with, or result in any breach of, any of the provisions of or constitute a default under, any loan agreement, indenture, note, bond, mortgage, deed of trust, guaranty, commitment, lease, resolution, ordinance, or other agreement or instrument, or any applicable judgment, court order, or decree to which the City is a party or to which it is subject.

7. All proceedings and actions of the City Council of the City relating to the Bonds, the Bond Ordinance, the Refunding Escrow Agreement, the Escrow Agreement, the Agreement, and the Official Statement, and related proceedings, comply with all laws, ordinances, rules, and regulations applicable to the City Council, and none of the actions taken relating to the authorization, execution, or delivery of the Bonds, the Refunding Escrow Agreement, the Escrow Agreement, the Agreement, or the Official Statement has been repealed, rescinded, or revoked.

8. To the best of my knowledge, the Preliminary Official Statement as of its date and the Official Statement as of its date (except for financial and statistical information contained therein, and for information contained therein provided by the Municipal Bond Insurance Association, as to which I express no opinion) was, and is now, accurate in all material respects for the purpose for which its use was or is authorized, and the Preliminary Official Statement did not as of its date and the Official Statement did not as of its date, and neither does now, include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

9. The Bond Ordinance and the Escrow Agreement authorized the direct transfer of funds from the County Collector of Cook County, Illinois and County Collector of DuPage County, Illinois, to the Escrow Agent sufficient to pay all installments of principal and interest thereon for the life of the Bonds and all actions necessary to effectuate all such transfers have been taken.

10. The Ordinance and Escrow Agreement direct the County Clerks of Cook and DuPage Counties to extend and the County Collectors ("County Collectors" as used herein means the Cook County Collector and the DuPage County Collector) to deposit the proceeds of the taxes levied to pay principal of the interest on the Bonds in a separate and segregated account with the Escrow Agent to secure the payment of the Bonds. Monies so deposited with the Escrow Agent shall be used solely for the purpose of paying principal of, interest on, and premium, if any, on the Bonds and shall not be used for any other purpose so long as any of the Bonds remain outstanding. I am of the opinion that the holders of the Bonds have a claim against the levy therefor and are equally and ratably secured by and have a first and prior lien upon all present and future proceeds of the levies when deposited with the Escrow Agent until the principal of and interest on the Bonds are paid in full. Such lien is valid, binding, and enforceable.

11. There is no action, suit, inquiry, proceeding, or investigation pending or, to the best of my knowledge, threatened in or before any court, governmental agency, authority, arbitrator, public board, or body that in any way would:

(a) affect the creation, organization, or existence of the City or the powers of the City to adopt the Bond Ordinance, issue the Bonds, or perform its obligations under or as contemplated by the Bonds, the Bond Ordinance, the Refunding Escrow Agreement, the Escrow Agreement, or the Agreement, or the title of the City's officers to their offices;

(b) enjoin or restrain the issuance, sale, or delivery of the Bonds or (except as set forth in the Official Statement) the collection or pledge of taxes to pay principal of, interest on, or premium, if any, on the Bonds, or the deposit of tax collections sufficient to pay principal of, interest on, or premium, if any, on the Bonds into the escrow account established pursuant to the Escrow Agreement, or the equal and ratable first and prior lien and claim of the holders of the Bonds of the City upon all present and future proceeds of the levies therefor when deposited into such escrow account, or the application of proceeds of such levies for such purposes;

(c) question or affect any of the rights, powers, duties, or obligations of the City (except as set forth in the Official Statement) with respect to the City taxes levied for the purpose of paying the principal of and interest on the Bonds, or the application of the proceeds of such levy for such purpose; and

(d) in any way question, contest, or affect any authority for the issuance of the Bonds or the validity or enforceability of the Bonds, the Bond Ordinance, the Escrow Agreement, or the Agreement or contest in any way the completeness or accuracy of the Official Statement or the powers or authority of the City with respect to the Bonds, the Bond Ordinance, the Escrow Agreement, or the Agreement, or the exemption of interest on the Bonds from federal income taxation.

12. The Bonds evidence a debt of the City to which the City has pledged its full faith and credit for the payment thereof, and all taxable property of the City is subject to the levy of taxes to pay the same, without limitation as to rate and amount.

13. No approval, permit, consent, authorization, or order from any court or any governmental or public agency, authority, or person not already obtained is required with respect to the City in connection with the authorization, issuance, and sale to the underwriters of the Bonds pursuant to the Agreement, or to the adoption of the Ordinance. I express no opinion, however, as to matters relating to federal or state securities laws or as to the tax laws of any jurisdiction.

14. The City is engaged in various types of litigation which include claims for damages resulting from injury, as well as routine suits to declare invalid the imposition of various taxes. It is my opinion that, except for matters described in the Official Statement, including the Notes to Combined Financial Statements included in Appendix A, unfavorable resolution of damage claims will not materially affect the financial position of the City. It is also my opinion that, except for matters described in the Official Statement, including the Notes to Combined Financial Statements included in Appendix A, a result which is unfavorable to the City with respect to any of these suits involving taxes will not result in a financial situation that cannot be readily remedied by action on the part of the City.

The Statements contained herein are made in an official capacity and not personally, and no personal responsibility shall derive from them.

Very truly yours,

JUDSON H. MINER
Acting Corporation Counsel

Exhibit III

[Form of Separate Supplemental Opinions of Co-Bond Counsel]

October ____, 1986

As Representatives of the Underwriters

The City of Chicago
Cook County, Illinois

Re: City of Chicago, Illinois, General Obligations Bonds, Refunding Series of 1986

Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Chicago, Illinois (the "City") of its General Obligation Bonds, Refunding Series of 1986 (the "Bonds").

We have today delivered to the City an executed copy of our approving opinion, dated today, with respect to the Bonds.

Based upon our examination as described in that opinion, we are of the opinion that:

1. The Bond Purchase Agreement between the City and _____ (the "Representative") dated as of October ____, 1986 (the "Bond Purchase Agreement") has been duly authorized, executed, and delivered by the City and constitutes a binding agreement of the City enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, moratorium, reorganization, or other similar laws affecting

creditors' rights generally and except that enforcement by equitable and similar remedies, such as mandamus, may be subject to the exercise of judicial discretion, or otherwise limited, in accordance with general principles of law or equity applicable to those remedies.

2. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the ordinance under the Trust Indenture Act of 1939, as amended.

3. The statements contained in the Official Statement under the captions "The Bonds" (except for the statements contained under the sub-headings "Insurance" and "Book-Entry Form" as to which we express no opinion) and "Tax Exemption," insofar as the statements contained under such captions purport to summarize certain provisions of the Bonds, the Ordinance, and the opinion of Bond Counsel regarding validity and tax-exempt status of the Bonds, present a fair summary of such provisions. Based upon our participation in the preparation of the Official Statement as Bond Counsel and without having undertaken to determine independently the accuracy, completeness, or fairness of the statements contained in the Official Statement, as of today, we have no reason to believe that the Official Statement as of its date (except for the financial statements and other financial and statistical data included therein, as to which no view is expressed) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Furthermore, we have no reason to believe that the Official Statement (together with all amendments or supplements thereto, if any) as of today (except for the financial statements and other financial and statistical data included therein, as to which no view is expressed) contained any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This supplemental opinion is solely for the benefit of the underwriters described in the Bond Purchase Agreement and the City and is not to be used, circulated, quoted, or otherwise referred to inside or outside of the underwriting group for any purposes other than the offering of the Bonds, except that reference may be made to it in the Bond Purchase Agreement or in any list of closing documents pertaining to the delivery of the bonds.

Respectfully submitted,

Exhibit IV

[Form of Separate Opinions of Co-Underwriters' Counsel]

As representative of the Underwriters

Re: City of Chicago, Illinois, General Obligation Bonds, Refunding Series of 1986

Gentlemen:

We have acted as counsel to the Underwriters in connection with the purchase by the Underwriters of \$_____ principal amount of General Obligation Bonds, Refunding Series of 1986 (the "Bonds"), issued by the City of Chicago, Illinois (the "City"), such purchase pursuant to the Bond Purchase Agreement dated October ____, 1986 (the "Bond Purchase Agreement") between the Underwriters and the City.

As such counsel, we participated in the preparation of the Preliminary Official Statement dated October 10, 1986 (the "Preliminary Official Statement"), and the Official Statement dated October ____, 1986 (the "Official Statement"), relating to the Bonds. The Preliminary Official Statement and the Official Statement have been delivered to the Underwriters pursuant to the Bond Purchase Agreement.

We have examined and relied upon originals or copies of:

- (a) The ordinance adopted by the City Council of the City on August 28, 1986, authorizing the issuance of the Bonds and the creation of an escrow account in connection with the refunding of certain obligations of the City (the "Ordinance");
- (b) The Bond Purchase Agreement;
- (c) The Preliminary Official Statement;
- (d) The Official Statement;
- (e) all outstanding debt instruments of the City to be refunded, and the official statements prepared with respect thereto;
- (f) audited financial statements as at December 31, 1985, of the City reviewed by Coopers & Lybrand;
- (g) original minutes of the City Council of the City from _____, through _____, 1986, and memoranda of the City Council Committee on Finance for the same period of time;
- (h) letter from Coopers & Lybrand dated the date hereof stating that they consent to the use of the financial statements and data contained and appearing in the appendices to the Official Statement;
- (i) the letter of Coopers & Lybrand dated the date hereof referred to in Paragraph 6(g)(vi) of the Bond Purchase Agreement;
- (j) the Escrow Agreement entered into between Continental Illinois National Bank and Trust Company of Chicago, as escrow agent and the City dated as of September 1, 1986;

- (k) the approving opinion and supplemental opinion of Chapman and Cutler and Earl L. Neal, Esq. co-bond counsel, dated the date hereof;
- (l) certificate of the Mayor and the City Comptroller of the City dated the date hereof referred to in Paragraph (6)(f) of the Bond Purchase Agreement;
- (m) the policy of municipal bond insurance delivered pursuant Section 6(h) of the Bond Purchase Agreement; and
- (n) the verification report of Coopers & Lybrand, referred to in the Official Statement under the heading "Certain Verifications".

We have examined such other documents, proceedings, records, and other instruments as we have deemed necessary or advisable. We have examined such federal and Illinois laws as we have deemed necessary or advisable.

We have participated with your representative and Bond Counsel in conferences with officials of the City during which conferences the contents of the Official Statement and related matters were discussed and reviewed. We have relied upon statements of such officials and information provided by them.

The statements contained herein based solely upon our participation in the preparation of documents, and our review, discussion, and examinations, as described above, and upon the information given to or obtained by us in the course thereof, without independent verification of factual matters. We have assumed but have not independently verified that the signatures on all documents and certificates that we have examined are genuine.

With respect to the due authorization, execution, and delivery of the Bonds, their status as valid and legally binding obligations of the City, the security provided for the benefit of the bondholders in the ordinance, and the exemption of interest on the Bonds from federal income taxes, we have relied upon the opinions of Co-Bond Counsel, of even date herewith, the form of which is included in the Official Statement as Appendix D. We have conducted no review of, and express no views with respect to, these matters.

In connection with litigation to which the City is a party or by which the City may otherwise be affected, we have relied upon the opinion of the Acting Corporation Counsel to the City, of even date herewith.

Subject to the matters set forth above, we advise you that the Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended, to the extent provided in such Acts. It is not necessary, in connection with the sale of the Bonds to the public, to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Ordinance under the Trust Indenture Act of 1939, as amended.

Based upon our participation in the preparation of the Official Statement as Underwriters' Counsel, and without having undertaken to determine independently the accuracy, completeness, or fairness of the statements contained in the Official Statement, as of this date we have no reason to believe that the Official Statement dated as of October _____, 1986 (except for the financial statements and other financial and statistical data

included therein, as to which matters no opinion is hereby expressed) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and that we have reason to believe that the Official Statement as of this date (except for the financial statements and other financial and statistical data included therein, as to which matters no opinion is hereby expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

We advise that the statements contained in the Official Statement under the captions "The Bonds" and "Real Property Assessment, Tax Levy, And Collection Procedures", insofar as such statements contained under such caption purport to summarize certain provisions of the Bonds, and the Ordinance, present a fair summary of such provisions.

This letter is delivered solely for your benefit. This letter and the statements expressed herein are not to be used, circulated, quoted, or otherwise referred to within or without the Underwriting Group for any purposes other than the offering of the Bonds, except that references may be made to it in the Bond Purchase Agreement or in any listing of closing documents pertaining to the delivery of the Bonds.

Respectfully yours,

ISSUANCE OF \$120,000,000 IN CITY OF CHICAGO
WATER REVENUE BONDS, SERIES
1986 AUTHORIZED.

On motion of Alderman Evans, the City Council took up for consideration the report of the Committee on Finance deferred and published in the Journal of the Proceedings of November 13, 1986, pages 36825-36926, recommending that the City Council pass a proposed ordinance authorizing the issuance of \$120,000,000 in City of Chicago Water Revenue Bonds, Series 1986.

Alderman Santiago introduced an amendment to the said proposed ordinance.

"I hereby move to amend the ordinance authorizing the issuance of Water Revenue Bonds Refunding and Improvement Series 1986 by adding the following italic language:

Section 305. Contracts Funded with Bonds Proceeds. The purchasing agent shall establish a goal of awarding not less than seventeen percent (17%) of the total dollar value of the Water Revenue Bonds contracts funded by the proceeds of this bond issue to qualified Hispanic-owned businesses, regardless of race.

In order to achieve the goal stated in this Section, the Purchasing Agent of the City of Chicago shall undertake the following:

(a) Insert within specifications for each contract for construction of any building, bridge, roadway or other structure a requirement that a bidder commit to the expenditure of seventeen percent (17%) of the dollar value of the contract (including any modifications) with one or more Hispanic-owned businesses. This commitment may be met by the bidder's status as a Hispanic-owned business or by joint venture with one or more Hispanic-owned businesses, or by subcontracting a portion of the work to one or more Hispanic-owned businesses, or by purchase of materials for the work from one or more Hispanic-owned businesses or by any combination of the foregoing.

(b) Insert within specifications for all other contracts awarded by competitive bidding requirement that a bidder commit to expenditure of seventeen percent (17%) of the dollar value of the contract (including any modifications thereof) with one or more Hispanic-owned businesses. This commitment may be met by the bidder's status as a Hispanic-owned businesses or by joint venture with one or more qualified Hispanic-owned businesses as prime contractor, or by subcontracting of a portion of the work to one or more Hispanic-owned businesses or by purchase of materials from one or more Hispanic-owned businesses or by any combination of the foregoing.

(c) Negotiate with any contractor whose contract is not awarded by competitive bidding a commitment to Hispanic-owned businesses participation of a least seventeen percent (17%) of the dollar value of the contract (including any modification.

The provisions of Executive Order 85-2, Section 3(e) are expressly incorporated herein to enable the Purchasing Agent to monitor and enforce the goal stated in this Section.

If, in the course of preparing specifications for a contract, the Purchasing Agent determines that it is impossible to obtain qualified Hispanic-owned businesses to perform sufficient work to fulfill the commitment stated in this Section or that it is impossible to obtain qualified Hispanic-owned businesses to perform any of the work or supply any product or service required under the contract, the Purchasing Agent may reduce or waive the commitment to Hispanic-owned participation in the contract, as may be appropriate."

Alderman Evans moved to *Refer* the foregoing proposed amendment to the Committee on Finance. The motion *Prevailed* by yeas and nays as follows:

Yeas -- Aldermen Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Volini, Orr -- 25.

Nays -- Aldermen Roti, Huels, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach -- 20.

Alderman Evans then introduced the following amendment to the said proposed ordinance.

The Ordinance as reported by the Committee on Finance is amended as follows:

1. On page 4, this is added at the end of the definition of "Gross Revenues":

"Gross Revenues shall not include amounts credited to customers on their bills, such as for payment of the price of purchasing from them capital assets of the Water System."

2. On page 24 in Section 206, the reference to Section 213 shall be to Section 212.

3. On page 48 in the next to the last line after the phrase "Outstanding Bonds" the phrase "which amount shall each year" should be inserted.

4. On page 48 in the last line, the word "to" shall be deleted.

On motion of Alderman Evans the foregoing amendment was *Adopted* by a viva voce vote.

Thereupon, on motion of Alderman Evans, the said proposed ordinance was by yeas and nays as follows:

--Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Majerczyk, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Hansen, Orbach, Volini, Orr -- 29.

Nays -- Aldermen Huels, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Hagopian, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, McLaughlin, Schulter -- 16.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

Be It Ordained by the City Council of the City of Chicago:

Article I.

Definitions and Findings.

SECTION 101. Definitions. As used in this Ordinance, the following terms shall have the following meanings, unless the context clearly indicates a different meaning:

(1) "Authenticating Agent" means American National Bank and Trust Company of Chicago, Chicago, Illinois, which is appointed Authenticating Agent for the Series 1986 Bonds, and any successor to it in that capacity and any co- Authenticating Agent separately appointed by the City.

(2) "Bond Purchase Agreement" means the Bond Purchase Agreement between the City and the Initial Purchasers described in Section 212(b) of this Ordinance.

(3) "Bond Registrar" means American National Bank and Trust Company of Chicago, Chicago, Illinois, which is appointed Bond Registrar for the Series 1986 Bonds, and any successor to it in that capacity and any co-Bond Registrar separately appointed by the City.

(4) "Bonds" means the Series 1986 Bonds, the Series 1985 Bonds, the Series 1983 Bonds, the Certificates, and all Parity Bonds.

(5) "Certificates" means waterworks system certificates of indebtedness previously issued by the City for the purpose of paying the cost of constructing improvements and extensions to the Water System, which remain unpaid and provision for the payment of which was made through the irrevocable deposit of a portion of the proceeds of sale of the Series 1985 Bonds in trust with American National Bank and Trust Company of Chicago, Chicago, Illinois, as provided in the Series 1985 Bond Ordinance.

(6) "City" means the City of Chicago, Illinois.

(7) "City Council" means the City Council of the City.

(8) "Clerk" means the City Clerk of the City.

(9) "Comptroller" means the City Comptroller of the City.

(10) "Construction Account: Series 1986 Bonds" means the separate account of that name in the Water Fund described in Section 304 of this Ordinance.

(11) "Consulting Engineer" means any engineer or firm of engineers of national reputation selected by the City and generally recognized to be well qualified in engineering matters relating to municipal water utility systems.

(12) "Cost of Issuance" means all fees and costs incurred by the City relating to the issuance of the Series 1986 Bonds, including, without limitation, printing costs, Escrow Trustee's initial fees and charges, Authenticating Agent's initial fees and charges, Bond Registrar's fees and charges, Paying Agent's fees and charges, financial advisory fees, engineering fees, legal fees, accounting fees, the cost of giving notice of redemption of the Refunded Bonds, the cost of any premiums for municipal bond insurance to insure any Series 1986 Bonds, the cost of providing any Reserve Account Credit Instrument or other credit facilities with respect to the Series 1986 Bonds, and the cost of any related services with respect to any Series 1986 Bonds.

(13) "Debt Service Reserve Account" means the separate account of that name in the Water Fund described in Section 403 of this Ordinance.

(14) "Debt Service Reserve Requirement" means, as of any date of computation, an amount equal to the sum of (i) the highest future principal and interest requirements of all Outstanding Series 1983 Bonds (other than Refunded Bonds), Series 1985 Bonds and Series 1986 Bonds in any Fiscal Year including the Fiscal Year in which date of computation falls, and (ii) such other amounts as shall be established as the Debt Service Reserve Requirement in respect of a series of Parity Bonds. Any Bonds required to be redeemed pursuant to mandatory sinking fund redemption shall be treated for purposes of this

definition as being due on the dates they are required to be redeemed and not on their stated maturity dates.

(15) "Escrow Account" means the account established with the Escrow Trustee pursuant to Section 301 of this Ordinance and the Escrow Agreement.

(16) "Escrow Agreement" means the agreement between the City and the Escrow Trustee provided for in Section 301 of this Ordinance.

(17) "Escrow Trustee" means American National Bank and Trust Company of Chicago, Chicago, Illinois, which is appointed Escrow Trustee under this Ordinance and the Escrow Agreement, and any successor to it in that capacity appointed by the City as provided in the Escrow Agreement.

(18) "Fiscal Year" means the period commencing January 1 and ending December 31 of any calendar year.

(19) "Governmental Obligations" means securities which are obligations described in clauses (a) and (b) of the definition of Permitted Investments in Paragraph (34) of this Section 101.

(20) "Gross Revenues" means all income and receipts from any source which under generally accepted accounting principles are properly recognized as being derived from the operation of the Water System, including without limitation (a) charges imposed for water service and usage, (b) charges imposed for sales of water to municipalities (other than the City) and other users of water service, (c) charges imposed for inspections and permits for connection to the Water System, (d) grants (excluding grants received for capital projects), and (e) Investment Earnings. Gross Revenues shall not include amounts credited to customers on their bills, such as for payment of the price of purchasing from them capital assets of the water systems.

(21) "Independent" means with respect to a consulting engineer a person who or a firm which (i) is in fact independent and not under the denomination of the City; (ii) does not have any substantial interest, direct or indirect, with the City; and (iii) is not connected with the City as an officer or employee of the City but may be regularly retained to make annual or other periodic reports to the City.

(22) "Initial Purchasers" means the following firms as underwriters or representatives of an underwriting syndicate to whom the City will sell the Series 1986 Bonds and with whom the City will enter into the Bond Purchase Agreement: Paine Webber Incorporated, Merrill Lynch Capital Markets, Cranston Securities Company, Dean Witter Reynolds Inc., Pryor, Govan, Counts & Co., Inc., Shearson Lehman Brothers Inc., Smith Barney, Harris Upham & Co. Incorporated, and Southwestern Capital Markets, Inc.

(23) "Investment Earnings" means interest plus net profits and less net losses derived from investments made with any portion of the Gross Revenues or any money in the Water Fund and in the accounts other than the Rebate Accounts specified in Section 403 of this Ordinance.

(24) "Matured Water Bond and Interest Account" means the separate account of that name in the Water Fund described in Section 403 of this Ordinance,

(25) "Mayor" means the Mayor of the City.

(26) "Moody's" means Moody's Investors Service, Inc., its successors and assigns, and, if dissolved or liquidated or no longer performing the functions of a securities rating agency for municipal bonds, "Moody's" shall mean any nationally recognized securities rating organization other than S. & P. designated by the City by notice to the Trustee.

(27) "Municipal Code" means the Municipal Code of the City.

(28) "Net Revenues" means that portion of the Gross Revenues remaining after providing sufficient funds for Operation and Maintenance Costs.

(29) "Operation and Maintenance Costs" means all expenses reasonably incurred by the City in connection with the operation, maintenance, renewal, replacement and repair of the Water System, which under generally accepted accounting principles are properly chargeable to the Water System and not capitalized, including, without limitation, salaries, wages, taxes, costs of materials and supplies, purchase of power, fuel, insurance, reasonable repairs and extensions necessary to render efficient service, and all incidental expenses, but excluding any provision for depreciation or for interest on Outstanding Bonds or other obligations for borrowed money payable from the Net Revenues.

(30) "Ordinance" means this Ordinance as it may be modified or amended from time to time pursuant to Article VIII.

(31) "Outstanding" means, with reference to any series of Bonds, all of such obligations that are outstanding and unpaid, provided that such term shall not include obligations:

(i) which have been paid or redeemed in full both as to principal, redemption premium, if any, and interest, or

(ii) which have matured or which have been duly called for redemption and for the payment of which moneys are on deposit with designated paying agents for such Bonds, or are otherwise properly available, sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds, or

(iii) for which the City has provided for payment by depositing in an irrevocable trust or escrow (a) with respect to the Certificates and the series 1983 Bonds, cash or direct, full faith and credit obligations of the United States of America, or (b) with respect to Bonds other than the Certificates and the Series 1983 Bonds, cash or Governmental Obligations, in each case the maturing principal of and interest on which will be sufficient to pay at maturity, or if called for redemption on the applicable redemption date, the principal of, redemption premium, if any, and interest on such Bonds, or

(iv) which are owned by the City.

(32) "Parity Bonds" means obligations which may be issued after the issuance and delivery of the Series 1986 Bonds in accordance with Article VI of this Ordinance and which are payable from Net Revenues on an equal and ratable basis with all other Outstanding Bonds.

(33) "Paying Agent" means American National Bank and Trust Company of Chicago, Chicago, Illinois, which is appointed Paying Agent for the Series 1986 Bonds, and any successor to it in that capacity and any Co-Paying Agent separately appointed by the City.

(34) "Permitted Investments" means any of the following (which, however, must be consistent with the definitions of "Permitted Investments" in the Series 1983 Bond Ordinance and the Series 1985 Bond Ordinance to the extent in force and applicable:

(a) Direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America;

(b) Trust receipts or other certificates of ownership evidencing an ownership interest in the principal of or interest on, or both, obligations described in clause (a) of this definition, which obligations are held in trust by a bank described in clause (d) of this definition, provided that such bank holds such obligations separate and segregated from all other funds and accounts of the City and of such bank and that a perfected first security interest under the Uniform Commercial Code, or under book entry procedures prescribed at 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.* (or other similar book entry procedures similarly prescribed by Federal law or regulations adopted after the date of adoption of this Ordinance), has been created in such obligations for the benefit of the applicable account in the Water Fund or, to the extent permitted, in any irrevocable trust or escrow established to make provision for the payment and discharge of the indebtedness on all Series 1986 Bonds or other obligations which are payable from Net Revenues;

(c) Obligations of the Federal National Mortgage Association or of any agency or instrumentality of the United States of America now existing or created after the issuance and delivery of the Series 1986 Bonds, including but not limited to Federal Home Loan Banks, the United States Postal Service, the Government National Mortgage Association, and the Federal Financing Bank;

(d) Negotiable or non-negotiable time deposits evidenced (i) by certificates of deposit issued by any bank, trust company, national banking association or savings and loan association which has capital of not less than \$100,000,000 or (ii) by certificates of deposit which are continuously and fully insured by any federal agency; and

(e) Repurchase agreements with banks described in clause (d) of this definition or with government bond dealers reporting to, trading with, and recognized as primary dealers by a Federal Reserve Bank, provided (i) that the underlying securities are obligations described in clauses (a) or (c) of this definition and are required to be continuously maintained at a market value not less than the amount so invested, (ii) the City has received an opinion of counsel to the effect that a custodian for the City has possession of the underlying securities as collateral and has a perfected first security interest in the collateral, and (iii) the collateral is in the opinion of such counsel free and clear of claims by third parties.

(f) Obligations of any state of the United States of America or any political subdivision of a state or any agency or instrumentality of a state or political subdivision which shall be rated by Moody's and S. & P.'s in one of their two highest respective long term rating categories;

(g) Bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by Moody's and S. & P., respectively, in their highest rating category (if not rated by both such rating agencies then a rating by either shall be satisfactory), for comparable types of debt obligations;

(h) Repurchase agreements and investment agreements with any bank, trust company, national banking association (which may include any Paying Agent, Bond Registrar or Escrow Agent), insurance company or any other financial institution which at the date of the agreement has an outstanding, unsecured, uninsured and unguaranteed debt issue rated AAA by Moody's and AAA by S. & P., or if such institution is not so rated that the agreement is secured by such securities as are described in clauses (a) through (d), inclusive, above, having a market value at all times (exclusive of accrued interest, other than accrued interest paid in connection with the purchase of such securities) at least equal to the principal amount invested pursuant to the agreement, provided that (i) a custodian for the City (which custodian is not the entity with which the City has the repurchase or investment agreement) has a perfected first security interest in the collateral and the City has received an opinion of counsel to that effect, (ii) the custodian or an agent of the custodian (which agent is not the entity with which the City has the repurchase or investment agreement) has possession of the collateral, and (iii) such obligations are in the opinion of such counsel free and clear of claims by third parties; and

(i) Prime commercial paper of a corporation incorporated under the laws of any state of the United States of America, rated MIG-1 by Moody's or "P-1" by S. & P.

(35) "Project Costs" means the costs of acquiring, constructing and equipping the Projects, including without limitation acquisition of necessary interests in property, engineering fees or costs of the City, restoration costs, legal fees or costs of the City, and Costs of Issuance.

(36) "Projects" means the program of improvements and extension to the Water System consisting of converting the Water System's steam pumping stations to electric power and providing for their remote operation from a central control center, replacing aged and obsolete metering facilities and installing new metering facilities to serve new and presently non-metered customers, replacing aged and deteriorating water mains and valves, increasing the size of existing water mains and valves in order to provide adequate service to existing customers, and installing additional water mains to serve new customers, and modernizing the South Water Filtration Plant and the Jardine Water Purification Plant by providing new equipment and technology necessary to continue to provide existing customers with the quality and quantity of water required and to meet future customer demand.

(37) "Provider" means a company, banking institution or other financial institution which is the issuer of a Reserve Account Credit Instrument.

(38) "Rebate Account" or "Rebate Accounts" means the separate account or accounts in the Water Fund described in Section 403 of this Ordinance and established for the respective series of Bonds issued after the issuance of the Series 1985 Bonds.

(39) "Refunded Bonds" means the Series 1983 Bonds maturing on November 1, 2003 and, unless excluded as provided in Section 211 of this Ordinance, the Series 1983 Bonds maturing on November 1, 1994.

(40) "Rehabilitation and Improvement Reserve Account" means the separate account of that name in the Water Fund described in Section 403 of this Ordinance.

(41) "Reimbursement Agreement" means an agreement between the City and a Provider entered into with respect to a Reserve Account Credit Instrument which pertains to the repayment of the Provider, with interest, if any, of amounts pursuant to that Reserve Account Credit Instrument.

(42) "Reserve Account Credit Instrument" means a non-cancellable insurance policy, a non-cancellable surety bond or an irrevocable letter of credit which may be delivered to the City in lieu of or in partial substitution for cash or securities required to be on deposit in the Debt Service Reserve Account. In the case of an insurance policy or surety bond, the company providing the insurance policy or surety bond shall be an insurer which, at the time of issuance of the insurance policy or surety bond, has been assigned a credit rating which is within one of the two highest ratings accorded insurers by both Moody's and S & P. Letters of credit shall be issued by a banking institution which has, or the parent of which has, or the holding corporation of which it is the principal bank has, at the time of issuance of the letter of credit, a credit rating on its long-term unsecured debt within one of the two highest rating categories from both Moody's and S & P. The insurance policy, surety bond or letter of credit shall grant to the City the right to receive payment for the purposes for which the Debt Service Reserve Account may be used and shall be irrevocable during its term.

(43) "Reserve Account Credit Instrument Coverage" means, with respect to any Reserve Account Credit Instrument on any date of determination, the amount available to pay principal of and interest on the Bonds under that Reserve Account Credit Instrument.

(44) "Series 1986 Bonds" means the Water Revenue Bonds, Refunding and Improvement Series 1986, of the City authorized by and issued pursuant to this Ordinance.

(45) "Series 1985 Bonds" means the Water Revenue Bonds, Refunding and Improvement Series 1985, of the City authorized by and issued pursuant to the Series 1985 Bond Ordinance.

(46) "Series 1985 Bond Ordinance" means the ordinance passed by the City Council on December 4, 1985, authorizing the issuance of the Series 1985 Bonds.

(47) "Series 1983 Bonds" means the Water Revenue Bonds, Series 1983, of the City authorized by and issued pursuant to the Series 1983 Bond Ordinance.

(48) "Series 1983 Bond Ordinance" means the ordinance passed by the City Council on November 9, 1983, authorizing the issuance of the Series 1983 Bonds.

(49) "S. & P." means Standard & Poor's Corporation, its successors and assigns, and, if dissolved or liquidated or no longer performing the functions of a securities rating agency for municipal bonds, "S. & P." shall mean any nationally recognized securities rating organization other than Moody's designated by the City by notice to the Trustee.

(50) "Treasurer" means the City Treasurer of the City.

(51) "Water Fund" means the separate fund designated the "Water Fund of the Municipality of Chicago" previously established by the City pursuant to the Municipal Code and described in Sections 402 and 403 of this Ordinance.

(52) "Water System" means all property, real, personal or otherwise, owned or to be owned by the City or under the control of the City and used for water supply, distribution or collection purposes, including the Projects and any and all further extensions, improvements and additions to the Projects or the Water System.

SECTION 102. Findings. It is found and declared as follows:

(a) The City is a duly constituted and existing municipality within the meaning of Section 1 of Article VII of the 1970 Constitution of the State of Illinois, and is a "home rule unit" under Section 6(a) of Article VII of the Constitution.

(b) The City has constructed and is presently maintaining and operating the Water System to meet the needs of the City's inhabitants and other users of the Water System and for fire protection. The Water System is operated under the supervision and control of the Department of Water of the City.

(c) The City issued the Series 1983 Bonds to finance necessary capital improvements and extensions to the Water System and to pay certain interim notes which had been issued to provide temporary construction financing for capital improvements and extensions to the Water System. The Series 1983 Bonds (a) are payable solely and only from the revenues derived from the operation of the Water System and (b) currently (as of November 2, 1986) are outstanding and unpaid in the aggregate principal amount of \$88,910,000.

(d) The City issued the Series 1985 Bonds to pay and discharge all then- outstanding water revenue bonds and Certificates of the City other than the Series 1983 Bonds and to finance necessary capital improvements and extensions to the Water System. The Series 1985 Bonds (a) are payable solely and only from the revenues derived from the operation of the Water System on an equal and ratable basis with the Series 1983 Bonds and (b) currently (as of November 2, 1986) are outstanding and unpaid in the aggregate principal amount of \$60,840,000.

(e) It is advisable and in the best interests of the City, in order to obtain substantial net present value debt service savings resulting from the lower interest rates now prevailing in the municipal bond market than comparable rates now borne by the Refunded Bonds, that the City (i) refund the Refunded Bonds by making provision for the payment of the

principal of, redemption premium, if any, and interest on the Refunded Bonds, and (ii) effect the discharge of the Refunded Bonds by borrowing the estimated principal sum of not to exceed \$90,000,000.

(f) The estimated amount of the Project Costs is in excess of \$35,000,000. The estimated useful life of the Water System and the Projects is longer than the final maturity of the Series 1986 Bonds. It is advisable and in the best interests of the City that the City undertake and complete the Projects.

(g) The City does not have available funds sufficient either to refund the Refunded Bonds or to pay Project Costs.

(h) The Certificates, the 1983 Bonds and the 1985 Bonds are the only outstanding obligations payable from or to the payment of which have been pledged, the revenues of the Water System.

(i) In accordance with the covenants of the City in the Series 1985 Bond Ordinance and in the Series 1983 Bond Ordinance, concurrent with the issuance, sale and delivery of the Series 1986 Bonds, all the conditions and requirements specified in Article V of the Series 1985 Bond Ordinance and in Section (2) of Article V of the Series 1983 Ordinance shall have been fully satisfied and complied with, and based upon such satisfaction and compliance, the Series 1986 Bonds will be payable from Net Revenues on an equal and ratable basis with all other Outstanding Bonds. Among the conditions and requirements which shall have been fully satisfied and complied with is the requirement that Net Revenues for the last completed Fiscal Year prior to the issuance of the Series 1986 Bonds (as shown by the audit of the Water System by Coopers & Lybrand, independent certified public accountants, dated June 30, 1986, for the Fiscal Year ended December 31, 1985), equal at least 125% of the maximum annual debt service for the Bonds which will continue to be Outstanding following the issuance of the proposed Series 1986 Bonds computed on a pro forma basis assuming the issuance of the Series 1986 Bonds and the application of a portion of the proceeds of sale of the Series 1986 Bonds to refund the Refunded Bonds.

(j) It is advisable and necessary and in the best interests of the City and its inhabitants (1) to borrow the sum of \$125,000,000 (or such lesser amount as is provided by Sections 211 and 212(a) of this Ordinance) to provide the funds needed (A) to provide for the payment and discharge of the Refunded Bonds, (B) to provide the funds needed to pay Project Costs, (C) to provide funds necessary for deposit into the Debt Service Reserve Account to meet the Debt Service Reserve Requirement and (D) to provide for discount on the Series 1986 Bonds and (2) in evidence of its obligation to repay that borrowing, to issue the Series 1986 Bonds.

(k) The borrowing authorized by this Ordinance and the issuance of the Series 1986 Bonds are for a proper public purpose and are in the public interest. The City has the power to borrow for the purposes set forth in this Ordinance and to issue the Series 1986 Bonds.

Article II.

The Series 1986 Bonds.

SECTION 201. Principal Amount, Designation, Source of Payment. The City shall borrow money for the purposes specified in Section 202 of this Ordinance and in evidence of its obligation to repay the borrowing shall issue the Series 1986 Bonds in the aggregate principal amount of \$125,000,000 (or shall borrow and issue such lesser amount as is provided by Sections 211 and 212(a) of this Ordinance). The Series 1986 Bonds shall be designated "Water Revenue Bonds, Refunding and Improvement Series 1986." The Series 1986 Bonds shall be limited obligations of the City having a claim for payment of principal, redemption premium and interest solely from the Net Revenues on an equal and ratable basis with the other Outstanding Bonds. The Series 1986 Bonds shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation as to indebtedness. Each Series 1986 Bond shall contain a statement to that effect.

SECTION 202. Purposes. The borrowing and issuance of the Series 1986 Bonds authorized in Section 201 shall be for the purposes of (a) providing funds to make provision for the payment and discharge of the Refunded Bonds by the deposit of such funds, simultaneously with the issuance of the Series 1986 Bonds, in the Escrow Account, (b) providing funds to pay Project Costs, including Costs of Issuance, (c) providing funds to deposit in the Debt Service Reserve Account as provided in Section 302 of this Ordinance and (d) providing for the discount on the Series 1986 Bonds.

SECTION 203. Date, Denominations, Numbers. The Series 1986 Bonds shall be initially dated as of the first day of the month in which they are initially issued and delivered to the Initial Purchasers, shall be issued as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple of that amount, and shall be numbered consecutively from R-1 upwards. Series 1986 Bonds authenticated and delivered on or after May 1, 1987, shall be dated as of the May 1 or November 1 next preceding the date of their authentication and delivery to which interest has been paid, except Bonds authenticated and delivered on a May 1 or November 1 to which interest has been paid, which Bonds shall be dated as of that May 1 or November 1.

SECTION 204. Maturity. The principal of the Series 1986 Bonds shall be payable (either at maturity or pursuant to mandatory sinking fund redemption, or in the case of capital appreciation bonds through the compounding of accreted value) on November 1 of each year beginning with the first principal payment date, which shall be not later than November 1, 1990, and ending with the final maturity, which shall be not later than November 1, 2006. The Series 1986 Bonds shall be issued as serial bonds or as term bonds subject to mandatory sinking fund redemption, or a combination of serial bonds and term bonds. The maturity terms for the Series 1986 Bonds shall be provided in the Determination Certificate described in Section 212(e), which shall be consistent with the terms of sale of the Series 1986 Bonds in the Bond Purchase Agreement.

SECTION 205. Redemption, Notice of Redemption, Terms.

(a) **Redemption Terms.** The Series 1986 Bonds shall be subject to redemption, in whole or in part, at the option of the City, at a price equal to their principal amount, plus accrued interest to the date of redemption if not an interest payment date, and such redemption premiums, if any, and, subject to the remaining provisions of this Section, upon such other terms, as the Comptroller shall provide in the Determination Certificate described in Section 212(e), each and all of which the Comptroller is authorized and directed to determine and approve on behalf of and in the name of the City. The Series 1986 Bonds shall be subject to optional redemption not later than 1997 as to those Series 1986 Bonds Outstanding with a maturity equal to or later than the first year in which an optional redemption is authorized, at an initial redemption premium not greater than 3% of the principal amount of the Series 1986 Bonds to be so redeemed.

(b) **Mandatory Sinking Fund Redemption.** Any term Series 1986 Bonds subject to mandatory sinking fund redemption shall be selected for redemption by lot by the Bond Registrar, as provided below, and shall be so redeemed at a price of 100% of the principal amount of the Series 1986 Bonds to be redeemed plus accrued interest to the date fixed for redemption if not an interest payment date. To the extent that term Series 1986 Bonds subject to mandatory sinking fund redemption have been previously called for redemption in part other than from a sinking fund payment, each annual sinking fund payment for term Series 1986 Bonds of each maturity shall be reduced by the amount obtained by multiplying the principal amount of term Series 1986 Bonds of such maturity so called for redemption, by the ratio which each such annual sinking fund payment for term Series 1986 Bonds of such maturity bears to the total sinking fund payments then remaining unpaid for term Series 1986 Bonds of such maturity, and by rounding each such payment to the nearest integral multiple of \$5,000 consistent with the total principal amount of Series 1986 Bonds Outstanding of that maturity.

In lieu of making all or any part of any sinking fund payment in cash, the City may, at its option, redeem the Series 1986 Bonds through the purchase of Series 1986 Bonds in the open market. Series 1986 Bonds shall not be purchased in the open market from moneys in the Water Fund at a price in excess of the par value of the Series 1986 Bonds plus the redemption premium applicable to the redemption of such Series 1986 Bonds on the next date on which they may be optionally redeemed and accrued and unpaid interest on the principal of the purchased Series 1986 Bonds to the date of purchase. Series 1986 Bonds of any maturity which are purchased by the City on the open market and deposited by the City with the Bond Registrar, if purchased from moneys in the Matured Water Bond and Interest Account, shall be credited against and shall reduce the next sinking fund installment or installments up to the principal amount so purchased for the Series 1986 Bonds of that maturity or, if purchased from other moneys, shall be credited against and shall reduce the sinking fund installments for the Series 1986 Bonds of that maturity in a manner consistent with that provided in the preceding paragraph with respect to optional redemption of the Series 1986 Bonds.

(c) **Partial Redemption of Bonds.** In the event of a redemption of less than all the Series 1986 Bonds of a maturity, the Bond Registrar shall assign to each Outstanding Series 1986 Bond of a denomination greater than \$5,000 a distinctive number for each \$5,000 portion of such Bond so as to distinguish each such \$5,000 portion from each other portion of such Series 1986 Bond. The Bond Registrar shall select by lot, using such method of selection as

it shall deem proper in its sole discretion, from the numbers assigned to the Series 1986 Bonds as many numbers as, at \$5,000 for each number, shall equal the principal amount of Series 1986 Bonds to be redeemed. The Series 1986 Bonds to be redeemed shall be the Series 1986 Bonds to which were assigned the numbers so selected, but only so much of the principal amount of each such Series 1986 Bond of a denomination greater than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

(d) Notice of Redemption. Notice of redemption shall be given by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the date fixed for redemption to each registered owner of Series 1986 Bonds to be redeemed at such owner's address as shown in the bond register kept by the Bond Registrar and by such other additional method, if any, as the City shall deem appropriate. Notice of redemption shall specify the maturities of the Series 1986 Bonds to be redeemed, the date fixed for redemption and, if less than all of the Series 1986 Bonds of any maturity are to be redeemed, the numbers of such Series 1986 Bonds to be redeemed and, in the case of Series 1986 Bonds to be redeemed in part only, the respective portions of the principal amounts of such Series 1986 Bonds to be redeemed. Failure to give such notice by mail or a defect in the notice or the mailing as to any Series 1986 Bond will not affect the validity of any proceedings for redemption as to any other Series 1986 Bond as to which notice was given properly and the failure of any owner of a Series 1986 Bond to receive the notice shall not affect the validity of the redemption.

If less than the entire principal amount of a Series 1986 Bond shall be called for redemption, the City shall execute and the Authenticating Agent shall authenticate and deliver, upon surrender of such Series 1986 Bond, without charge to the registered owner, one or more new Series 1986 Bonds of any authorized denomination, or like maturity and aggregate principal amount as the unredeemed balance of the principal amount of the Series 1986 Bond so surrendered. If, on the date fixed for redemption, (a) moneys in an amount equal to the aggregate principal amount of all of the Series 1986 Bonds or portions of the Series 1986 Bonds to be redeemed, together with any redemption premium and interest accrued to the redemption date, shall be held by the Paying Agent and are available for such redemption and (b) notice of redemption shall have been given as described above, interest on the Series 1986 Bonds so redeemed shall cease from and after the date fixed for redemption.

SECTION 206. Interest. The Series 1986 Bonds shall bear interest from their date until principal is paid at a rate or rates per annum determined by the Comptroller and provided in the Determination Certificate described in Section 213, which shall be in the judgment of the Comptroller the best interest rates for which the Series 1986 Bonds can be sold in the market and which, in the aggregate, result in a true interest cost (expressed as a percentage) not in excess of 9.5% computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Series 1986 Bonds shall be payable semi-annually on the first days of May and November in each year, with the first interest payment date being May 1, 1987.

SECTION 207. Places and Medium of Payment. (a) Interest on each Series Bond shall be paid on each interest payment date to the person in whose name the Series 1986 Bond is registered in the bond register kept by the Bond Registrar at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding such

interest payment date. Interest shall be paid by check or draft mailed to such registered owner at such owner's address as it appears in the bond register.

(b) Principal of and redemption premium, if any, on any Series 1986 Bond shall be paid only upon presentation and surrender of that Series 1986 Bond for cancellation at the principal corporate trust office of the Paying Agent. The Paying Agent is authorized to pay the principal of and the premium, if any, on the Series 1986 Bonds as provided in this paragraph.

(c) Payment shall be made in lawful money of the United States of America.

SECTION 208. Transfers and Exchanges of Bonds. The City shall cause a bond register for the registration and transfer of Series 1986 Bonds to be maintained at the principal corporate trust office of the Bond Registrar.

Any Series 1986 Bond may be transferred only upon surrender of such Series 1986 Bond to the Bond Registrar, upon which the City shall execute and the Authenticating Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 1986 Bonds of any authorized denomination, of like maturity and aggregate principal amount as the Series 1986 Bond surrendered.

At the option of the registered owner, any Series 1986 Bond may be exchanged for another Series 1986 Bond or Bonds of any authorized denomination, of like maturity and aggregate principal amount, upon surrender of the Series 1986 Bond to be exchanged to the Bond Registrar. Upon such surrender for exchange, the City shall execute and the Authenticating Agent shall authenticate and deliver the Series 1986 Bonds which the registered owner making the exchange is entitled to receive.

Every Series 1986 Bond presented or surrendered for transfer or exchange shall (if so required by the Bond Registrar) be duly endorsed, or shall be accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar duly executed, by the registered owner of the Bond or such owner's duly authorized representative.

In all cases in which Series 1986 Bonds are to be transferred or exchanged, the Bond Registrar may require payment of sum sufficient to cover any tax, fee or other governmental charge that may be imposed (other than taxes, fees or charges imposed by the City) and to reimburse it for any expenses incurred in connection with such transfer or exchange. The Bond Registrar shall not be required to transfer or exchange any Series 1986 Bond during a period beginning at the opening of business on the 15th day next preceding any date of selection of Series 1986 Bonds to be redeemed and ending at the close of business on the day on which notice of redemption is given or after notice selecting such Bond for redemption has been given.

The Series of 1986 Bonds may be deposited with a fiscal agent in New York, New York, or such other agent as the Bond Registrar may designate, for transmission to the Bond Registrar for purposes of exchange or transfer.

The City and any agent of the City may deem and treat the person in whose name any Series 1986 Bond is registered as the absolute owner of such Series 1986 Bond for the

purpose of receiving payment of or on account of the principal of, redemption premium, if any, and interest on such Series 1986 Bond, and for all other purposes. Neither the City nor any agent of the City shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 1986 Bond to the extent of the sum or sums paid.

SECTION 209. Lost, Stolen, Mutilated or Destroyed Bonds.

If any Series 1986 Bond becomes mutilated or is lost, stolen or destroyed, the City may execute and the Bond Registrar shall authenticate and deliver a new Series 1986 Bond of the same date of issue, maturity date, principal amount and interest rate per annum as the Series 1986 Bond mutilated, lost, stolen or destroyed, provided that (i) in the case of a mutilated Series 1986 Bond, the Series 1986 Bond is first surrendered to the City, (ii) in the case of any lost, stolen or destroyed Series 1986 Bond, there is first furnished both evidence of loss, theft or destruction and an indemnity satisfactory to the City and the Bond Registrar, (iii) all other reasonable requirements of the City are complied with, and (iv) expenses in connection with the transaction are paid by the registered owner of such Series 1986 Bonds. Any new Series 1986 Bonds issued pursuant to this Section in substitution for Series 1986 Bonds alleged to have been destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the City whether or not the Series 1986 Bonds alleged to be destroyed, stolen or lost are at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Series 1986 Bonds in any moneys or securities held by the City or any Paying Agent for the benefit of such registered owners.

SECTION 210. Form, Execution of Bonds.

(a) Each Series 1986 Bond and the Authenticating Agent's Certificate of Authentication to be endorsed on such Series 1986 Bond shall be in substantially the form attached as Exhibit A to this Ordinance, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance, including those necessary if any Series 1986 Bonds are issued as capital appreciation bonds.

(b) Each Series 1986 Bond shall be executed by the manual or facsimile signatures of the Mayor and the Comptroller, shall be attested by the manual or facsimile signature of the Clerk, shall have the corporate seal of the City affixed, impressed or printed on such Series 1986 Bond and shall be authenticated by the manual signature of the Authenticating Agent. If any officer of the City whose manual or facsimile signature appears on any Series 1986 Bond shall cease to be such officer before the delivery of such Series 1986 Bond, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes, as if such officer had remained in office until delivery.

(c) The Mayor, Comptroller and Clerk (if they have not already done so) are authorized to file with the Illinois Secretary of State their manual signatures certified by them pursuant to the Uniform Facsimile Signature of Public Officials Act (Ill. Rev. Stat. 1985, ch. 102, par. 61). The use of their facsimile signatures to execute the Series 1986 Bonds is authorized by this Ordinance. Each Series 1986 Bond so executed shall be as effective as if manually executed.

(d) No Series 1986 Bond shall be valid for any purpose unless and until a certificate of authentication of the Series 1986 Bond substantially in the form set forth in the form of Series 1986 Bonds attached as Exhibit A to this Ordinance shall have been duly executed by the Authenticating Agent with respect to that Series 1986 Bond. The executed certificate upon any such Series 1986 Bond shall be conclusive evidence that such Series 1986 Bond has been authenticated and delivered under this Ordinance. The Authenticating Agent's certificate of authentication on any Series 1986 Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Authenticating Agent. It shall not be necessary that the same officer or signatory sign the certificate of authentication on each of the Series 1986 Bond. The Authenticating Agent is authorized and directed to cause Series 1986 Bonds executed by the City to be authenticated at the request of the City in accordance with the provisions of this Ordinance.

SECTION 211. Determination by Comptroller as to Projects and as to Refunded Bonds.

(a) Upon a determination by the Comptroller made at the time of sale of the Series 1986 Bonds and set forth in the Determination Certificate described in Section 212(e), the amount of money which the City shall borrow and in respect of which the City shall issue the Series 1986 Bonds may be reduced to an amount so that the amounts so borrowed and available to pay Project Costs do not exceed the amount which the Comptroller determines will be encumbered or used to pay Project Costs during the three year period following the issuance and delivery of the Series 1986 Bonds because moneys will be available from other sources to pay such Project Costs.

(b) If the Comptroller makes a determination at the time of the sale of the Series 1986 Bonds that the City will not obtain net present value savings as result of a refunding of the Series 1983 Bonds maturing on November 1, 1994, the Refunded Bonds shall not include the Series 1983 Bonds of that maturity, and the amount of money which the City shall borrow and in respect of which the City shall issue the Series 1986 Bonds shall be accordingly reduced as set forth in the Determination Certificate described in Section 212(e) of this Ordinance.

SECTION 212. Sale of Series 1986 Bonds.

(a) The Comptroller is authorized to execute on behalf of the City a contract for the sale by the City of the Series 1986 Bonds pursuant to a negotiated sale. The purchase price shall not be less than 97.0% of the par amount of the Series 1986 Bonds, exclusive of original issue discount, if any, plus accrued interest on the Series 1986 Bonds from their date to the date of their delivery, and on such terms as he may deem to be in the best interests of the City as provided in this Ordinance. Such terms include, without limitation, the aggregate principal amount of the Series 1986 Bonds, the maturities of the Series 1986 Bonds, the issuance of the Series 1986 Bonds as serial bonds or as term bonds subject to mandatory sinking fund redemption, or a combination of serial bonds and term bonds, the interest rate or rates for the Series 1986 Bonds, and the prices and other terms upon which the Series 1986 Bonds are subject to redemption, all as provided in and subject to the limitations expressed in this Article II, including the limitation specified in Section 206 of this Article. The Comptroller is further authorized to take the actions and execute and deliver the documents and instruments specified in this ordinance. The Series 1986 Bonds shall be

then duly prepared and executed in the form and manner provided in this Ordinance and delivered to the Treasurer for delivery to the purchasers in accordance with the terms of sale.

(b) The City shall enter into the Bond Purchase Agreement in substantially the form attached to this Ordinance as Exhibit B, with such changes, including without limitation the specification of all amounts or sums in such agreement, as shall be approved by the Comptroller. The Comptroller is authorized and directed to execute the Bond Purchase Agreement on behalf of and in the name of the City, with concurrence of the Chairman or Vice Chairman of the Committee on Finance of the City Council or the Chairman of the Committee on the Budget of the City Council (to be reported to the City Council as provided in this Ordinance).

(c) The City shall cause there to be prepared and delivered to prospective purchasers of the Series 1986 Bonds a Preliminary Official Statement substantially in the form attached to this Ordinance as Exhibit C, with the most recent audited financial statements of the Water System as an appendix and with such other appendices and with such changes, including without limitation the specification of all amounts or sums in the Preliminary Official Statement, as shall be approved by the Comptroller. Upon sale of the Series 1986 Bond, the Comptroller is authorized and directed to cause a final Official Statement to be prepared, executed and (i) delivered to the Initial Purchasers and (ii) filed with the Office of the City Clerk directed to the City Council.

(d) Upon a finding by the Comptroller that the purchase of municipal bond insurance of the Series 1986 Bonds is likely to facilitate the marketing and sale of the Series 1986 Bonds and permit completion of such sale in a timely fashion, and that such insurance is available at an acceptable premium, the Comptroller is authorized to purchase a policy of municipal bond insurance for the Series 1986 Bonds. Such policy shall be provided by a bond insurance company or association approved by the Comptroller.

(e) Subsequent to such sale, the Comptroller shall file in the Office of the City Clerk directed to the City Council (i) a determination certificate (the "Determination Certificate") setting forth the terms of sale of the Series 1986 Bonds, the interest rate or rates on the Series 1986 Bonds, and the determination made pursuant to Section 211 of this Ordinance with respect to the amount to be borrowed for project cost and with respect to the inclusion of the Series 1983 Bonds maturing on November 1, 1994 as Refunded Bonds, (ii) and executed copy of the Bond Purchase Agreement, reflecting concurrence of the Chairman or the Vice Chairman of the Committee on Finance of the City Council or the Chairman of the Committee on the Budget of the City Council in the determinations made by the Comptroller as to the terms of sale of the Series 1986 Bonds, and (iii) the final Official Statement of the City as provided in Section 212(c) of this Ordinance.

Article III.

Disposition of Series 1986 Bond Proceeds.

SECTION 301. Escrow Account: Establishment, Deposit of Funds, Uses.

(a) The City shall establish the Escrow Account with the Escrow Trustee and shall enter into the Escrow Agreement with the Escrow Trustee in substantially the form attached to

this Ordinance as Exhibit D, with such changes, including, without limitation, the specification of all amounts or sums in the Escrow Agreement, as shall be approved by the Comptroller. The Comptroller is authorized and directed to execute the Escrow Agreement on behalf of and in the name of the City upon the sale of the Series 1986 Bonds.

(b) There shall be deposited into the Escrow Account an amount from the proceeds of the Series 1986 Bonds sufficient to purchase Permitted Investments as provided in paragraph (c) of this Section and to provide for an initial cash balance, so that the principal and interest payable on those Permitted Investments when due, together with the initial cash balance on hand in the Escrow Account, will be fully sufficient, without consideration of any reinvestment of such amounts, to pay and discharge the principal of and redemption premium, if any, and interest on the Refunded Bonds until their redemption on November 1, 1993. The amounts so deposited shall be irrevocably set aside and held in trust in the Escrow Account to be used solely for those purposes. The Refunded Bonds shall be redeemed on November 1, 1993.

(c) Except for the initial cash balance, the amounts deposited in the Escrow Account shall be used to purchase direct full faith and credit obligations of the United States of America, which may include United States Treasury Obligations, State and Local Government Series ("S.L.G.S."), and which are not subject to redemption in advance of their maturity. Permitted Investments shall be limited in yield so as not to exceed the yield on the Bonds by an amount greater than that allowed by applicable United States Treasury Regulations. The Comptroller is authorized and directed to instruct the Escrow Trustee as to the Permitted Investments to be acquired consistent with this paragraph, which Permitted Investments shall be designated in a Schedule to the Escrow Agreement.

(d) Notwithstanding the provisions of paragraphs (b) and (c) of this Section, if the City has determined to apply amounts deposited into the Escrow Account to purchase S.L.G.S. and is unable for any reason to obtain S.L.G.S. for such purpose on or prior to the date of delivery of the Series 1986 Bonds, the City may deposit temporarily into the Escrow Fund cash in the Water Fund (other than moneys on deposit in any of the accounts in Section 404 of this Ordinance) and amounts received by the City upon the sale of the Series 1986 Bonds sufficient to defease the Refunded Bonds until S.L.G.S. can be obtained for that purpose, and those amounts are appropriate for that purpose. When the S.L.G.S. have been purchased and deposited in the Escrow Account, the cash or amounts deposited temporarily into the Escrow Account as described above shall be transferred from the Escrow Account and redeposited in the Water Fund or deposited in the Construction Account: Series 1986 Bonds, as appropriate and as shall be provided in the Escrow Agreement.

(e) All amounts deposited in the Escrow Account are appropriated for the purposes specified in this Ordinance. The Treasurer of the City (and any paying agents for the Series 1983 Bonds) shall receive, hold and disburse all moneys paid over by the Escrow Trustee from the Escrow Account pursuant to the provisions of the Escrow Agreement only in accordance with the terms, conditions and provisions of the Escrow Agreement.

(f) Notwithstanding anything to the contrary in this Ordinance, the Escrow Trustee shall pay over to the City for deposit in the Water Fund any amounts remaining in the Escrow Account after the Redeemed Bonds have been paid or redeemed in accordance with the provisions of the Escrow Agreement.

SECTION 302. Deposit into Debt Service Reserve Account.

A sufficient amount of the proceeds of the Series 1986 Bonds shall be transferred to and deposited to the credit of the Debt Service Reserve Account to establish a balance in the Debt Service Reserve Account at least equal to the Debt Service Reserve Requirement.

SECTION 303. Accrued Interest.

Accrued interest shall be deposited to the credit of the Matured Water Bond and Interest Account and applied to the payment of interest coming due on the Series 1986 Bonds on May 1, 1987.

SECTION 304. Construction Account: Establishment, Deposit of Funds, Uses.

(a) The City shall establish a separate account in the Water Fund designated the "Construction Account: Series 1986 Bonds."

(b) The proceeds of sale of the Series 1986 Bonds remaining after the deposits required by Sections 301, 302 and 303 have been made shall be deposited to the credit of the Construction Account: Series 1986 Bonds. This account shall be deposited in a separate account in a bank or banks designated by the Treasurer pursuant to a depository agreement. Funds in the Construction Account: Series 1986 Bonds shall be invested by the depository at the direction of the Treasurer in Permitted Investments, provided that such investments shall be scheduled to mature before needed to pay Project Costs, including Costs of Issuance. All interest received on or profits derived from such investments shall remain in the Construction Account: Series 1986 Bonds.

(c) Disbursements shall be made from the Construction Account: Series 1986 Bonds from time to time for the purpose of paying Project Costs, including Costs of Issuance. The money received from the sale of the Series 1986 Bonds and set aside in the Construction Account: Series 1986 Bonds shall be used to provide funds for all or any part of the Projects.

Within 60 days after completion of the Projects and the payment of all Project Costs, any funds remaining in the Construction Account: Series 1986 Bonds shall be transmitted by said depository to the Treasurer for transfer to the Debt Service Reserve Account, or, if such account is fully funded, to the Water Fund.

Article IV.

Water Fund And Accounts.

SECTION 401. Revenue Obligation.

The Series 1986 Bonds shall have a claim for payment solely and only from the Net Revenues derived from the operation of the Water System. The Series 1986 Bonds shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation as to indebtedness and each Series 1986 Bond shall contain a statement to that effect.

SECTION 402. Water Fund.

There has been created and there exists a separate fund of the City with the Treasurer designated the Water Fund into which the Gross Revenues of the Water System are deposited as collected. The Water Fund shall continue as a separate fund of the City. The Water Fund has been and is irrevocably pledged for the sole purpose of carrying out the covenants, terms and conditions of this Ordinance and the bond ordinances authorizing the issuance of Outstanding Bonds and shall be used only in (a) paying Operation and Maintenance Costs, (b) paying the principal of, redemption premium, if any, and interest on all Outstanding Bonds, and (c) establishing and maintaining (for the purposes specified in this Ordinance) the accounts in the Water Fund described below and all other reserve funds or accounts which are required to be established and maintained in the bond ordinances authorizing the issuance of Outstanding Bonds; provided that any funds available after these requirements have been satisfied or which are not necessary to satisfy these requirements may be used for any lawful purpose of the Water System. A lien on and security interest in the Net Revenues is granted to the owners of the Bonds Outstanding from time to time subject to amounts in the various Accounts being deposited and expended as provided in this Ordinance. This pledge and grant of a lien and security interest is effective immediately upon the issuance of the Series 1986 Bonds without the requirement of any further act or filing and is superior to the claims of any person whether or not they have notice of this pledge or grant.

SECTION 403. Water Fund Accounts.

There have been created and there exist separate accounts in the Water Fund designated the "Matured Water Bond and Interest Account," the "Debt Service Reserve Account" and the "Rehabilitation and Improvement Reserve Account." There is established in the Water Fund a separate Rebate Account for the Series 1986 Bonds and for each series of Parity Bonds. The Comptroller may in his discretion determine that moneys on deposit in the Matured Bond and Interest Account and the Rehabilitation and Improvement Reserve Account be deposited and maintained in a separate account in a bank or banks designated by the Treasurer pursuant to one or more depository agreements, and the Comptroller may in his discretion enter into agreements which include covenants to establish and maintain such separate accounts. The Water Fund may also have within it certain accounts designated as a cost of issuance account, construction account or Rebate Account as provided for in Ordinances authorizing the issuance of Outstanding Bonds.

SECTION 404. Application of Net Revenues. The Net Revenues shall be transferred, without any further official action or direction, to the Matured Water Bond and Interest Account, the Debt Service Reserve Account, the Rehabilitation and Improvement Account and the Rebate Accounts in the order in which those accounts are listed below, for use in accordance with the provisions of paragraphs (a), (b), (c) and (d) of this Section.

(a) Matured Water Bond and Interest Account:

Not later than ten days prior to each principal or interest payment date for the Bonds, there shall be transferred to the Matured Water Bond and Interest Account sufficient funds, together with accrued interest received upon delivery of the Series 1986 Bonds, if

any, to pay the amount of the principal, redemption premium, if any, and interest becoming due, whether upon maturity, redemption or otherwise, on such payment date on all Outstanding Bonds.

Funds in the Matured Water Bond and Interest Account shall be used only for the purpose of paying principal of, redemption premium, if any, and interest on Outstanding Bonds as the same become due.

(b) Debt Service Reserve Account:

(i) At the time of the delivery of the Series 1986 Bonds, sufficient funds from the proceeds of sale of the Series 1986 Bonds shall be transferred to the Debt Service Reserve Account to maintain a balance in such Account, together with the funds deposited in that account pursuant to the Series 1985 Bond Ordinance and the Series 1983 Bond Ordinance, at least equal to the Debt Service Reserve Requirement. Such funds shall be maintained in a separate segregated subaccount in the Debt Service Reserve Account. The Debt Service Reserve Account shall be deposited in a separate account in a bank or banks designated by the Treasurer pursuant to a depository agreement. Whenever the balance in the Debt Service Reserve Account is less than the Debt Service Reserve Requirement, there shall be transferred to the Debt Service Reserve Account within the next 12 months sufficient funds to maintain a balance in the Debt Service Reserve Account at least equal to the Debt Service Reserve Requirement.

Funds in the Debt Service Account shall be used to pay principal of, redemption premium, if any, and interest on the outstanding Bonds as the same become due at any time when there are insufficient funds available for such purpose in the Matured Water Bond and Interest Account.

(ii) When all Bonds issued prior to the Series 1986 Bonds are no longer outstanding, all or any part of the Debt Service Reserve Requirement may be met by deposit with the City of a Reserve Account Credit Instrument. A Reserve Account Credit Instrument shall, for purposes of determining the value of the amounts on deposit in the Debt Service Reserve Account, be valued at the Reserve Account Credit Instrument Coverage for the Reserve Account Credit Instrument except as provided in the next sentence. If a Reserve Account Credit Instrument is to terminate (or is subject to termination) prior to the last principal payment date on any Outstanding Bond, then the Reserve Account Credit Instrument Coverage of that Reserve Account Credit Instrument shall be reduced each year, beginning on the date which is four years prior to the first date on which the Reserve Account Credit Instrument is to terminate (or is subject to termination), by twenty-five percent (25%) of the Coverage in each of the years remaining prior to such date, provided that if by the terms of the Reserve Fund Credit Instrument and the terms of the related ordinance, the City has the right and duty to draw upon the Instrument prior to its termination for deposit in the Debt Service Reserve Account all or part of its Coverage, then the reduction shall be in an amount equal to the difference between (a) the Debt Service Reserve Requirement and (b) the sum of the amounts on deposit in the Debt Service Reserve Account and the amount which the City may draw under the Instrument prior to its termination for deposit in the Debt Service Reserve Account. Any amounts in the Debt Service Reserve Account which are not required to be transferred to the Matured Bond and Interest Account may, from time to time, be used to pay costs of acquiring a Reserve

Account Credit Instrument or to make payments due under a Reimbursement Agreement, but only if after such payment, the value of the Debt Service Reserve Account shall not be less than the Debt Service Reserve Requirement. The City may provide by resolution for the pledge of and grant of a lien on and security interest in the amounts on deposit in the Debt Service Reserve Account to any Provider to secure the City's obligation to make payments under a related Reimbursement Agreement, provided that any such lien or security interest shall be junior in priority to any claim for the benefit of the owners of the Outstanding Bonds.

After the deposit of a Reserve Account Credit Instrument into the Debt Service Reserve Account and after the City has received notice of the value of the Debt Service Reserve Account after such deposit, the Comptroller may then direct the transfer from the Debt Service Reserve Account to the Water Fund of any amounts in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement.

(c) Rebate Accounts:

There shall be transferred from the Water Fund and deposited to the credit of the Rebate Accounts the amounts as shall be required to be held available for rebate to the United States of America with respect to each Series of Bonds. Each Rebate Account shall be deposited in a separate bank account in a bank or banks designated by the Treasurer pursuant to a depository agreement. The amount so to be held available shall be determined from time to time by the City pursuant to the ordinances authorizing the various series of Bonds.

Amounts in Rebate Accounts shall be used at the direction of the City to make rebate payments to the United States of America. Amounts in Rebate Accounts may be used to pay principal, redemption premium and interest on the outstanding obligations of the City that are payable by their terms from the revenues of the Water system, as the same become due, at any time when there are insufficient funds available for such purpose in the Matured Water Bond and Interest Account, the Debt Service Reserve Account and the Rehabilitation and Improvement Reserve Account.

(d) Rehabilitation and Improvement Reserve Account:

Whenever the balance in the Rehabilitation and Improvement Reserve Account is less than \$10,000,000, an amount equal to \$2,500,000, or such lesser amount as may be necessary, shall be transferred to that Account in each Fiscal Year after the Fiscal Year in which such deficiency first exists until the balance in that Account equals \$10,000,000.

Funds in the Rehabilitation and Improvement Reserve Account shall be used (i) to pay principal, redemption premium and interest on the outstanding obligations of the City that are payable by their terms from the revenues of the Water System, as the same become due, at any time when there are insufficient funds available for such purpose in the Matured Water Bond and Interest Account and the Debt Service Reserve Account, (ii) to pay the cost of constructing any emergency replacement to any part of the Water System deemed necessary in order to render efficient service when there are no other funds available for such purpose, provided that prior to such payment, there shall be filed with the

Comptroller and the Treasurer a certificate of the Commissioner of the City Department of Water to evidence that in the Commissioner's opinion the making of such improvement is an emergency replacement of part of the Water System, such replacement is essential for the continued efficient operation of the Water System and no other funds are available for such purpose, and (iii) to pay the cost of constructing new facilities for or making necessary improvements to the Water System in each case constituting capital improvements, provided that such capital improvements are set forth in plans and a report of the improvements prepared by the Commissioner of the City Department of Water submitted to and approved by the City Council.

SECTION 405. Deficiencies, Excess.

In the event of a deficiency in any Fiscal Year in the Debt Service Reserve Account, the Rehabilitation and Improvement Reserve Account or any Rebate Account, the amount of such deficiency shall, as the case may be, be included in the amount to be transferred from the Water Fund and deposited into such account during the next 12-month period or succeeding Fiscal Year, as required by this Ordinance.

Whenever the balance in the Debt Service Reserve Account or the Rehabilitation and Improvement Reserve Account or any Rebate Account exceeds the amount required to be on deposit in that Account, such excess may be transferred to the Water Fund, provided that no such transfers shall be made when any debt service payments on outstanding obligations of the City that are payable by their terms from the revenues of the Water System are past due. Any funds which remain in the Water Fund at the end of any Fiscal Year shall be retained in the Water Fund and shall be available for appropriation for any proper purpose of the Water System.

SECTION 406. Investments.

Funds in the accounts described in Section 403 shall be invested in Permitted Investments. All amounts in the Debt Service Reserve Account and each Rebate Account shall be invested in Permitted Investments which are held separate and distinct from those of any other Funds or Account. Investments shall be scheduled to mature before needed for the respective purposes of each of such accounts. All Investment Earnings on any funds so invested shall be credited to the Water Fund and shall be considered Gross Revenues. Earnings on the investment of amounts on deposit in the Rebate Accounts shall not be Investment Earnings, shall not be considered Gross Revenues, and shall be retained in the respective Rebate Accounts.

For purposes of determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of this Ordinance, investments shall be valued at cost or market price, whichever is lower, on or about December 31 in each year.

Article V.

General Covenants.

The City covenants and agrees with the owners of the Series 1986 Bonds as follows:

SECTION 501. Maintenance and Continued Operation of Water System.

The City will maintain the Water System in good repair and working order, will continuously operate the same on a Fiscal Year basis, will promptly construct the Projects, and will punctually perform all duties with respect to the Water System required by the Constitution and laws of the State of Illinois.

So long as the Series 1986 Bonds are Outstanding, the City will continue to operate the Water System as a revenue-producing system so as to produce Net Revenues sufficient to satisfy the covenants of Section 502 of this ordinance.

SECTION 502. Water Rates.

The City will establish, maintain and collect at all times fees, charges and rates for the use and service of the Water System sufficient at all times to (a) pay Operation and Maintenance Costs and (b) produce an amount to pay the principal of and applicable redemption premium and interest on all Outstanding Bonds and to establish and maintain all reserve funds or accounts as may be covenanted for in bond ordinances authorizing the issuance of Outstanding Bonds which amount shall each year at least equal 125% of the sum required to pay promptly when due the principal of and applicable redemption premium and interest on all Outstanding Bonds. These fees, charges and rates shall not be reduced while any Outstanding Bonds are unpaid below the level necessary to ensure compliance with the covenants of this Section.

The City will, prior to the end of each Fiscal Year, conduct a review to determine compliance with the rate covenant set forth above. Whenever the annual review indicates that projected Net Revenues will not be sufficient to comply with the rate covenant, the Department of Water of the City shall, after consultation with the Office of Budget and Management of the City and the Comptroller and, where appropriate, a Consulting Engineer, recommend appropriate action to the City Council to comply with this rate covenant.

SECTION 503. Repairs, Replacements, Additions, Betterments.

The City from time to time will make all necessary and proper repairs, replacements, additions and betterments to the Water System so that the Water System may at all times be operated efficiently, economically and properly. When any necessary equipment or facility shall have been worn out, destroyed, or otherwise is insufficient for proper use, it shall be promptly replaced so that the value and efficiency of the Water System shall be at all times fully maintained.

SECTION 504. Control and Operation of Water System.

The City will establish such rules and regulations for the control and operation of the Water System as are necessary for the safe, lawful, efficient and economical operation of the Water System.

SECTION 505. Books and Records.

The City will make and keep proper books, records and accounts (separate and apart from all other books, records and accounts of the City) in which correct and complete entries shall be made of all transactions relating to the Water System. Within 180 days following the close of each Fiscal Year, the City will cause the financial statements of the Water System to be audited by independent certified public accountants. Such audited financial statements will be available for inspection by the registered owners of any of the Bonds. The financial statements shall, without limiting the generality of the foregoing, include the following:

- (a) A statement of revenue and expenses of the Water System for each Fiscal Year.
- (b) A balance sheet as of the end of such Fiscal Year, including the amounts in each of the funds and accounts of the Water Fund.
- (c) A system of changes in the financial position of the Water System for such Fiscal Year.
- (d) The amounts, maturities, interest rates and redemption provisions of all Outstanding Bonds.

All expenses of the audit required by this provision shall be regarded and paid as an Operation and maintenance Cost.

The accountants who audit such financial statements shall also prepare a separate compliance letter regarding the manner in which the City has complied with the financial covenants of this Ordinance, which compliance letter may be prepared on a different basis than that of the financial statements.

SECTION 506. Customer Report.

The City shall prepare annually a report of the number of customers served by the Water System at the end of the Fiscal Year, the number of metered and nonmetered customers at the end of the Fiscal Year, and the quality of water provided.

SECTION 507. Water System Dispositions or Encumbrances.

The City will not sell, lease, loan or mortgage or in any manner dispose of or encumber the Water System (subject to the right of the City to issue Parity Bonds as provided in this Ordinance, to issue bonds payable from the Net Revenues of the Water System on a basis subordinate to the Bonds, and to dispose of real or personal property which is no longer useful or necessary to the operation of the Water System).

SECTION 508. No Arbitrage.

The City will not direct or permit any action which would cause any Bond to be an "arbitrage bond" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended, or direct or permit any action inconsistent with the regulations under that Code as promulgated and as amended from time to time and as applicable to the Bonds.

SECTION 509. Special Tax Covenant.

The covenants and agreements of the City set forth in this Section 509 shall apply as long as any of the Series 1986 Bonds continue to bear interest (whether or not they are Outstanding Bonds within the meaning of this Ordinance) and shall also apply after the Series 1986 Bonds cease to bear interest but within such subsequent period as shall be required for the City to comply with the covenants of this Section. At the discretion of the Comptroller, the Comptroller may execute an agreement in the name of and on behalf of the City to ensure compliance with the requirements of this Section.

(a) The City (i) will take all actions which are necessary to be taken (and avoid taking any action which it is necessary to avoid being taken) so that interest on the Series 1986 Bonds will not be or become subject to federal income taxation under present law, and (ii) will take all actions reasonably within its power to take which are necessary to be taken (and avoid taking any actions which are reasonably within its power to avoid taking and which it is necessary to avoid) so that interest on the Series 1986 Bonds will not be or become includible in gross income for federal income tax purposes under the federal income tax laws as in effect from time to time.

(b) The City will, without limitation: (i) restrict the yield on investments of amounts received upon the sale of the Series 1986 Bonds and other amounts, and (ii) timely rebate to the United States of America certain amounts which may be received as interest or other investment earnings on the Water Fund and its Accounts and those accounts established by this Ordinance, all as shall be necessary to comply with this paragraph. The City shall also make or cause to be made identifiable investments of amounts allocable to the Series 1986 Bonds as shall be necessary or appropriate in order to be able to ascertain the amounts which may be required so to be rebated to the United States of America. The City shall from time to time determine the amounts in the Water Fund and its accounts and accounts established by this Ordinance which shall be subject so to be rebated and those amounts from time to time shall be held by the City in the Rebate Account for the Series 1986 Bonds and shall be rebated to the United States of America in the amounts and at the times as required. Such amounts so subject from time to time so to be rebated shall not be available for the other purposes for which the Water Fund and its accounts and accounts established by this Ordinance may be applied, and, for purposes of computing the balance in such Fund and such various accounts shall be disregarded. No rebate shall, however, be made from amounts in the Escrow Account. At the time of delivery of the Series 1986 Bonds, and from time to time after their delivery, the City shall provide instructions to appropriate officials and the Escrow Trustee as to the restrictions to be made on the yield and segregation of investments and as to the calculations and rebate of amounts to the United States of America, as are required in order for the City to comply with this Section.

(c) The City will not take any of the following actions without in each such event obtaining the opinion of nationally recognized bond counsel (which may represent the City from time to time in other matters) that such action will not contravene any covenant of this Ordinance and will not make compliance with those covenants impossible: (i) optionally redeem any bonds; (ii) defease any bonds; (iii) sell, lease or otherwise dispose of any material portion of the Water System; (iv) enter into or amend any short-term or long-term contract for the supply of water by the City other than pursuant to general rates

charged to the general public; or (v) enter into or amend any contract or arrangement for persons other than its employees to manage the Water System.

(d) The provisions of this paragraph shall not be interpreted to impose upon the City any obligation to redeem or to purchase any Series 1986 Bonds, other than with proceeds or other amounts available under this Ordinance.

Article VI.

Issuance Of Additional Bonds.

SECTION 601. Parity Bonds.

As long as there are any Outstanding Series 1986 Bonds, no bonds, notes or other obligations of any kind which are payable from Net Revenues on an equal and ratable basis with the Series 1986 Bonds shall be issued, except Parity Bonds which may be issued for the purpose of paying the cost of repairs, replacements, renewals, improvements, equipment or extensions to the Water System, funding capitalized interest and reserve funds for particular series of Bonds, funding working capital for the Water System, or for refunding Outstanding Bonds and then only upon compliance with the following conditions:

(1) The funds required to be transferred to the Matured Water Bond and Interest Account, the Rehabilitation and Improvement Reserve Account and the Debt Service Reserve Account shall have been transferred in full up to the date of the delivery of such Parity Bonds; and

(2) The Ordinance authorizing the issuance of Parity Bonds shall require either (a) the transfer at the time of the delivery of such Parity Bonds of sufficient proceeds of such Parity Bonds or Net Revenues, or the deposit of a Reserve Account Credit Instrument to the extent permitted under the ordinances authorizing the Outstanding Bonds, or any combination of bond proceeds, Net Revenues and Reserve Account Credit Instruments permitted under the Ordinances authorizing the Outstanding Bonds, to the Debt Service Reserve Account so that the balance in such account is at least equal to the Debt Service Reserve Requirement, or (b) equal monthly transfers to such Account during a period not exceeding 60 months following the delivery of such Parity Bonds sufficient to restore such account to an amount at least equal to the Debt Service Reserve Requirements; and

(3) Net Revenues for the last completed Fiscal Year prior to the issuance of the Parity Bonds (as shown by the audit of an independent certified public accountant), or Net Revenues for such last completed Fiscal Year, adjusted as described below, shall equal at least 125% of the maximum annual debt service for Outstanding Bonds which will continue to be Outstanding Bonds following the issuance of the proposed Parity Bonds, computed on a *pro forma* basis assuming the issuance of the proposed Parity Bonds and the application of the proceeds of any Refunding Bonds as provided in the Ordinance authorizing their issuance, sale and delivery. Net Revenues may be adjusted as follows for purposes of this paragraph (3):

(a) If there shall have been an increase in the rates of the Water System from the rates in effect for such last completed Fiscal Year, which increase is in affect at the time of the issuance of any such Parity Bonds, Net Revenues may be adjusted to reflect the Net Revenues for such last completed Fiscal Year as they would have been had said then existing rates been in effect during all of such last competed Fiscal Year; and

(b) Any such adjustment shall be evidenced by the certificate of an Independent Consulting Engineer or an independent certified public accountant employed for that purpose, which certificate shall be filed with and approved by the City Council prior to the sale of the proposed Parity Bonds.

If during the first six months of a Fiscal Year, an audit of the Water System for the preceding Fiscal year by an independent certified public account is not available, the conditions of paragraph (3) shall be deemed to have been satisfied if both (a) Net Revenues for the second preceding Fiscal Year (as shown by the audit of an independent certified public accountant), adjusted as described in paragraph (3) above, and (b) Net Revenues for the preceding Fiscal Year (as estimated by the Comptroller and either estimated by an Independent Consulting Engineer or certified by an independent certified public accountant based on a review the scope of which, as specified by such accountant, may be less complete than an audit), adjusted as described in paragraph (3) above, shall equal at least 125% of the maximum annual debt service for Outstanding Bonds which will continue to be Outstanding Bonds following the issuance of the proposed Parity Bonds, computed on a *pro forma* basis assuming the issuance of the proposed Parity Bonds and the application of the proceeds of any Refunding Bonds as provided in the ordinance authorizing their issuance, sale and delivery. The provisions of this paragraph shall not be in effect until the Series 1983 Bonds and the Series 1985 Bonds are no longer Outstanding Bonds.

The City may issue Parity Bonds without complying with either of the tests in paragraph (3) of this Section:

(a) to pay, redeem or refund Bonds if in the judgment of the City there will be no money available to make payments of interest or principal of those Bonds (at maturity or on sinking fund installment dates) as such amounts become due; and

(b) to pay, redeem or refund any Bonds if the total amount of interest and principal (at maturity or on sinking fund installment dates) on all Outstanding Bonds after the issuance of the Parity Bonds and the payment, redemption or refunding of such Bonds will not be in excess of the total amount of interest and such principal on all Bonds outstanding prior to the issuance of the Parity Bonds ("Prior Bonds") in each Fiscal Year in which there was to be any principal of (at maturity or on sinking fund installment dates) or interest due on those Prior Bonds.

SECTION 602. Subordinate Obligations.

Other obligations, including bonds, may be issued payable from Net Revenues on a basis subordinate to the Outstanding Bonds.

Article VII.

*Defeasance.***SECTION 701. Defeasance.**

(a) If the City shall pay or cause to be paid, or there shall otherwise be paid, to the owners of the Series 1986 Bonds then outstanding, the principal, redemption premium, if any, and interest to become due on the Series 1986 Bonds, at the times and in the manner stipulated in this Ordinance and in the Series 1986 Bonds, then the covenants, agreements and other obligations of the City to the owners of the Series 1986 Bonds shall be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the City all moneys or securities held by them pursuant to this Ordinance which are no longer required for the payment or redemption of Series 1986 Bonds not theretofore surrendered for such payment or redemption.

(b) Series 1986 Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by any Paying Agents (through deposit by the City of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Series 1986 Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section. All Series 1986 Bonds shall, prior to their maturity or redemption date, be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section if

(i) there shall have been deposited with such Paying Agents either moneys in an amount which shall be sufficient, or Government Obligations the principal of and interest on which when due will provide moneys which, when added to the moneys, if any, deposited with such Paying Agents at the same time, shall be sufficient to pay the principal of those Series 1986 Bonds at maturity, or on sinking fund installment dates for term Series 1986 Bonds, or the principal, redemption premium, if any, and interest due and to become due on those Series 1986 Bonds on and prior to the redemption date or maturity date (or sinking fund installment dates for term Series 1986 Bonds) of the Series 1986 Bonds, as the case may be;

(ii) in case any of the Series 1986 Bonds are to be redeemed on any date prior to their maturity, the City shall have given to the Paying Agent irrevocable instruction which the Paying Agent has accepted in writing to give or cause the Bond Registrar to give as provided in Article II of this Ordinance any required notice of redemption on that date of such Paying Agent irrevocable instruction which the Paying Agent has accepted in writing; and

(iii) the City shall receive an opinion of nationally recognized bond counsel to the effect that the defeasance of the Series 1986 Bonds shall not cause interest on the Series 1986 Bonds to be included in "gross income" of the owner for Federal income tax purposes.

(c) Neither Government Obligations nor moneys deposited with any Paying Agent pursuant to this Section nor principal or interest payments of any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, redemption premium, if any, and interest on those Series 1986 Bonds, provided that any cash received from such principal or interest

payments on such Government Obligations, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in principal amounts sufficient to pay when due the principal, redemption premium, if any, and interest to become due on those Series 1986 Bonds on and prior to such redemption date or maturity date of the Series 1986 Bonds, as the case may be.

SECTION 702. Unclaimed Moneys.

Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Paying Agents in trust for the payment and discharge of any of the Series 1986 Bonds which remain unclaimed for six years after the date of deposit of such moneys if deposited with the Paying Agents after the date when the Series 1986 Bonds became due and payable shall, at the written request of the City, be repaid by the Paying Agents to the City, as its absolute property and free from trust, and the Paying Agents shall thereupon be released and discharged with respect to such amounts and the owners of the Series 1986 Bonds shall look only to the City for the payment of such Series 1986 Bonds, provided that before being required to make any such payment to the City, the Paying Agents shall, at the expense of the City, cause to be published at least twice, at an interval of not less than seven days between publications, in a daily newspaper of general circulation in the City of Chicago and in *The Bond Buyer*, published in the City of New York, State of New York, or in the event that journal ceases publication, then in a financial newspaper of general circulation in the City of New York, a notice that those moneys remain unclaimed and that, after a date named in the notice, which date shall be not less than 30 days after the date of the first publication of the notice, the balance of such moneys then unclaimed will be returned to the City.

Article VIII.

Amendment of the Ordinance.

SECTION 801. Amendment of the Ordinance.

Subject to Sections 802 and 803, the City may amend or modify this Ordinance from time to time and may modify the rights and obligations of the City and of the registered owners of the Series 1986 Bonds by adopting a supplemental ordinance to this Ordinance. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the City to pay the principal of, redemption premium, if any, or interest on any Series 1986 Bond without the express consent of the registered owner of such Series 1986 Bond, nor permit the creation by the City of any mortgage, pledge, lien or security interest on the Water System, or upon the Net Revenues or other moneys pledged or held pursuant to this Ordinance, other than those contemplated by this Ordinance, including Section 802, nor permit the preference or priority of any Series 1986 Bond or Series 1986 Bonds over any other Series 1986 Bond or Series 1986 Bonds, nor reduce the percentages of Series 1986 Bonds required for the written consent to an amendment or modification of this Ordinance, nor modify any of the rights or obligations of any Paying Agent at the time acting pursuant to this without the written assent of such Paying Agent.

SECTION 802. Amendments Without Written Consent.

The City may amend or modify this Ordinance from time to time for any one or more of the following purposes without obtaining the prior written consent of any of the registered owners of the Series 1986 Bonds:

(1) To add additional covenants and agreements of the City for the purpose of further securing the payment of the Series 1986 Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the City contained in this Ordinance;

(2) To prescribe further limitations and restrictions upon the issuance of Parity Bonds and the incurring of obligations by the City which are not contrary to or inconsistent with the limitations and restrictions on such issuance or incurring of obligations in effect prior to the adoption of such supplement ordinance;

(3) To surrender any right, power or privilege reserved to or conferred upon the Series 1986 Bonds by the terms of this Ordinance;

(4) To confirm as further assurance any covenant, lien pledge or security interest created or recognized by the provisions of this Ordinance;

(5) To take any further action necessary or desirable for the collection and application of Net Revenues sufficient to pay the Series 1986 Bonds as to principal at maturity or on mandatory sinking fund installment dates and to pay interest on the Series 1986 Bonds as it falls due;

(6) To correct any ambiguity or defect or inconsistent provisions in this Ordinance or to insert such provisions clarifying matters or questions arising under this Ordinance as are necessary or desirable, provided that any such amendments or modifications are not contrary to or inconsistent with this Ordinance as in effect prior to the adoption of any such supplemental ordinance, and provided further that any such amendments or modifications are not adverse to the interests of the registered owners of the Series 1986 Bonds.

SECTION 803. Amendments by Two-Thirds Consent of Owners.

The City may amend or modify this Ordinance from time to time for any purpose other than one or more of the purposes not prohibited in Section 801 and not authorized by Section 802 only pursuant to the consent of registered owners of sixty-six and two-thirds percent (66-2/3%) in principal amount of all Outstanding Series 1986 Bonds by written instrument.

SECTION 804. Method of Obtaining Written Consent of Owners.

The City may at any time adopt a supplemental ordinance amending the provisions of the Series 1986 Bonds or of this Ordinance, to the extent that such an amendment is permitted by the provisions of Section 803, to take effect when and as provided in this Section. A copy of such supplemental ordinance, together with a written consent form,

shall be mailed by the City to registered owners of the Series 1986 Bonds, first class postage prepaid, at the address appearing for such owner upon the bond register maintained by the Bond Registrar. Failure to mail copies of such supplemental ordinance and written consent form as to any owner shall not affect the validity of the supplemental ordinance when assented to as provided in this Article.

A supplemental ordinance adopted in accordance with this Section shall not be effective unless and until there shall have been filed with the City the written consents of the owners of percentages in principal amount of Outstanding Series 1986 Bonds specified in Section 803 of this Ordinance as provided in this paragraph. Each such consent shall be effective only if accompanied by proof of ownership of the Series 1986 Bonds for which such consent is given, which proof shall be such as the City may prescribe from time to time. Any such consent shall be binding upon the owner of the Series 1986 Bonds giving such consent and on any subsequent owner (whether or not such subsequent owner has notice of the consent) unless such consent is revoked in writing by the owner giving such consent or a subsequent owner by filing a notice of revocation with the City prior to the first date when the notice provided for in the next sentence of this paragraph has been given. After the owners of the required percentages of Series 1986 Bonds shall have filed their consents to the supplemental ordinance, the City shall mail a notice to the owners of the Series 1986 Bonds, in the manner provided in the first paragraph of this Section for the mailing of the supplemental ordinance and request for consent, stating in substance that the supplemental ordinance has been consented to by the owners of the required percentages of Series 1986 Bonds and will be effective as provided in this Section. A certificate of the City reciting compliance with the provisions of this Section shall be filed with the Paying Agent and shall be proof of the matters stated until the contrary is proved, and the supplemental ordinance shall be deemed conclusively binding upon the City and the owners of all Series 1986 Bonds at the expiration of sixty (60) days after the filing with the City of the certificate, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding commenced within such sixty (60) day period.

SECTION 805. Endorsement of Series 1986 Bonds.

Series 1986 Bonds authenticated and delivered after the effective date of any action taken by the owners of Series 1986 Bonds as provided in this Article may bear a notation by endorsement or otherwise in form approved by the City as to such action, and in that case upon demand of the owner of any Series 1986 Bond outstanding at such effective date and presentation of his Series 1986 Bond for that purpose at the office of the City or at such additional offices as the City may select and designate for that purpose, a suitable notation shall be made on such Series 1986 Bond. If the City shall so determine, new Series 1986 Bond so modified as to conform to such owners action shall be prepared, authenticated and delivered, and upon demand of the owner of any Series 1986 Bond then outstanding shall be exchanged in the City of Chicago, without cost to any owner, for Series 1986 Bond the outstanding, upon surrender of such Series 1986 Bond.

Article IX.

General Provisions.

SECTION 901. Authority.

This Ordinance is adopted pursuant to the powers of the City as a home rule unit under Article VII, Section 6(a) of the 1970 Illinois Constitution. The appropriate officers of the City are authorized to take such actions and do such things as shall be necessary to perform, carry out, give effect to and consummate the transactions contemplated by this Ordinance and the Series 1986 Bonds.

SECTION 902. Authorized Signatures.

The Mayor and the Comptroller may each designate another to act as their respective proxies and to affix their respective signatures to the Series 1986 Bonds, whether in temporary or definitive form, and any other instrument, certificate or document required to be signed by the Mayor or the Comptroller pursuant to this Ordinance. In each case, each shall send to the City Council written notice of the person so designated by each such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor and the Comptroller, respectively. A written signature of the Mayor or of the Comptroller, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with the signatures attached, shall be recorded in the Journal of the Proceedings of the City Council and filed with the Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of the Comptroller is so affixed to an instrument, certificate or document at the direction of the Comptroller, the same, in all respects, shall be binding on the City as if signed by the Comptroller in person.

SECTION 903. Conflict.

To the extent that any ordinance, resolution, provision of the Municipal Code, rule or order, or part thereof, is in conflict with or is inconsistent with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling.

SECTION 904. Severability.

If any section, paragraph, clause or provision of this Ordinance, the Bond Purchase Agreement, the Escrow Agreement, or the Official Statement described in Section 212(c) of this Ordinance, including without limitation any provision of this Ordinance relating to the entering into of any one or more of such documents, shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

SECTION 905. Bondholder Remedy.

Any owner of a Series 1986 Bond may proceed by civil action to compel performance of all duties required by this Ordinance, including the establishment and collection of sufficient fees, charges and rates for services supplied by the Water System, and the application of the income and revenue therefrom.

SECTION 906. Contract.

The provisions of this Ordinance shall constitute a contract between the City and the owners of the Series 1986 Bonds, and no changes, additions or alterations of any kind shall be made to that contract except as provided in this Ordinance, including Article VIII, so long as the Series 1986 Bonds are outstanding.

SECTION 907. Appropriation.

The provisions of this Ordinance constitute an appropriation of the amounts received upon the sale of the Series 1986 Bonds for the purposes specified in Section 202 of this Ordinance and an appropriation of the Net Revenues for deposit in the various accounts in Article IV of this Ordinance and for payment of principal of, redemption premium, if any, and interest on the Series 1986 Bonds as provided in this Ordinance.

SECTION 908. Headings.

Any headings preceding the texts of the several Articles and Sections of this Ordinance and the table of contents shall be solely for convenience or reference and shall not constitute a part of this Ordinance nor shall they affect its meaning, construction or effect.

SECTION 909. Publication, Effectiveness.

This Ordinance shall be published in pamphlet form by the Clerk, by causing to be printed at least 100 copies of this Ordinance, which copies are to be made available in his office for public inspection and distribution to members of the public who may wish to avail themselves of a copy of this Ordinance. This Ordinance shall be in full force and effect ten (10) days after its adoption, approval by the Mayor, and publication as provided above

Exhibit A attached to this ordinance reads as follows:

Exhibit A.

[FORM OF SERIES 1986 BOND]

[Form of Face of Series 1986 Bond]

UNITED STATES OF AMERICA
STATE OF ILLINOIS
CITY OF CHICAGO

WATER REVENUE BOND,
REFUNDING AND IMPROVEMENT SERIES 1986

BOND NO.: R- _____ PRINCIPAL SUM: \$ _____
DATE OF BOND: _____ INTEREST RATE PER YEAR: _____ %
DATE OF MATURITY: _____
REGISTERED OWNER: _____

The City of Chicago, Illinois (the "City"), for value received, promises (a) to pay to the Registered Owner specified above or registered assigns the Principal Sum of this Bond specified above on the Date of Maturity specified above and (b) to pay to the Registered Owner of this Bond interest on that sum at the Interest Rate Per Year specified above from the Date of Bond specified above to the date of payment of this Bond, payable semiannually on May 1 and November 1, with the first interest payment date being May 1, 198 _____. Interest on this Bond shall be computed on the basis of a 360-day year of twelve 30-day months.

Interest on this Bond is payable on each interest payment date by check or draft mailed to the person in whose name this Bond is registered on the bond register kept by _____ (the "Bond Registrar") at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date at such person's address as it appears in the bond register. Principal of and premium, if any, on this Bond are payable only upon presentation and surrender of this Bond for cancellation at the principal corporate trust office of _____, Chicago, Illinois (the "Paying Agent"). Payments shall be made in lawful money of the United States of America.

This Bond is one of a duly authorized issue of bonds of the City designated "Water Revenue Bonds, Refunding and Improvement Series 1986," issued in the aggregate principal amount of \$ _____ (the "Bonds") under and pursuant to the provisions of an ordinance duly adopted by the City Council of the City on November ____, 1986 (the "Bond Ordinance"). The Bonds are authorized for the purpose of providing funds (1) to make provision for the payment and discharge of the City's obligations under certain bonds which had been issued to pay the cost of constructing extensions and improvements to the waterworks system of the City (the "Water System") and to pay certain interim notes of the City which had been issued to provide temporary construction financing for capital improvements and extensions to the Water System, which bonds are payable from the revenues of the Water System, (2) for the payment of the costs of constructing extensions and improvements to the Water System, including costs of issuance of the Bonds, (3) for deposit into a debt service reserve account pursuant to the Bond Ordinance and (4) to provide for discount on the Series 1986 Bonds.

The Bonds are limited obligations of the City payable solely and only from the net revenues derived from the operation of the Water System on a parity with other outstanding obligations of the City that are payable from the revenues of the Water System. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation as to indebtedness. Under the provisions of the Municipal Code of Chicago and the Bond Ordinance, the entire revenues received from the operation of the Water System are required to be deposited in a separate fund designated the "Water Fund of the Municipality of Chicago" (the "Water Fund"). The Water Fund is required to be used only and is irrevocably pledged for (1) paying the costs of operating and maintaining the Water System, (2) paying outstanding obligations of the

City, including the Bonds, that are payable by their terms from the net revenues of the Water System, and (3) establishing and maintaining all reserve funds or accounts which are required to be established and maintained by the bond ordinances authorizing water revenue bonds of the City, provided that any funds available after these requirements have been satisfied or which are not necessary to satisfy these requirements may be used for any lawful purpose of the Water System.

Reference Is Hereby Made To The Further Provisions Of This Bond Set Forth On The Reverse Of This Bond, Which Shall Have The Same Effect As If Set Forth Here.

No official, officer, member of the City Council, agent or employee of the City shall be liable personally on this Bond by reason of the issuance of this Bond.

It is certified and recited that all acts, conditions and things required to exist, to have happened and to have been performed precedent to and in connection with the issuance of this Bond exist, have happened and have been performed in regular and due time, form and manner as required by law. Provision has been made to deposit in the Water Fund the entire revenues received from the operation of the Water System to be applied in the manner set forth above. It is covenanted and agreed that rates will be charged for the use and service of the Water System sufficient at all times to pay the costs of operation and maintenance of the Water System, to pay promptly the principal of, premium, if any, and interest on all outstanding obligations of the City, including the Bonds, that are payable by their terms from the revenues of the Water System, and to comply with all the covenants of and to maintain the several special accounts of the Water Fund of the City, as such several special accounts are referred to, described and provided for by the provisions of the Bond Ordinance.

Unless the certificate of authentication on this Bond has been executed by the Authenticating Agent by manual signature, this Bond shall not be entitled to any benefit under the Bond Ordinance, or be valid or obligatory for any purpose.

In Witness Whereof, the City of Chicago, by its City Council, has caused this Bond to be signed by the manual or facsimile signatures of the Mayor and the City Comptroller, attested by the manual or facsimile signature of the City Clerk, and its Corporate seal to be hereunto affixed, impressed or printed hereon, all as of _____ 1, _____.

CITY OF CHICAGO, ILLINOIS

Mayor,
City of Chicago

Attest:

11/24/86

UNFINISHED BUSINESS

37395

City Clerk,
City of Chicago

City Comptroller,
City of Chicago

[Seal]

[FORM OF AUTHENTICATING AGENT'S
CERTIFICATE OF AUTHENTICATION.]

This Bond is one of the Bonds referred to in the Bond Ordinance.

[NAME OF AUTHENTICATING AGENT]

By _____
Authorized Officer

[FORM OF BACK OF SERIES 1986 BOND]

[The following seven paragraphs, including the tables, are applicable if any of the Series 1986 Bonds are subject to redemption, in whole or in part, prior to maturity at the option of the City, or are sold as term bonds subject to mandatory sinking fund redemption.]

The Bonds due on or after November 1, _____ are subject to redemption prior to maturity at the option of the City, in whole on any date on or after November 1, _____ or in part on November 1, _____ or on any interest payment date after that date, at the redemption prices set forth in the table below, expressed as a percentage of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

<u>Date of</u> <u>Redemption</u>	<u>Redemption Price</u>
_____ to and including _____	_____ %
_____ to and including _____	_____
_____ and thereafter	_____

The Bonds maturing on November 1, _____ and November 1, _____ are subject to mandatory sinking fund redemption prior to maturity on November 1 of each of the years and in the principal amounts set forth in the table below, as selected by lot by the Bond Registrar as provided below, at a price of 100% of the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

Bonds Maturing November 1, _____:

Year	Amount	Year	Amount
	\$		\$

Bonds Maturing November 1, _____:

Year	Amount	Year	Amount
	\$		\$

To the extent that the Bonds maturing on November 1, _____ or November 1, _____ have been previously called for redemption in part other than from sinking fund payments, each annual sinking fund payment for the Bonds maturing on November 1, _____ or on November 1, _____, as the case may be, shall be reduced by the amount obtained by multiplying the principal amount of the Bonds of such maturity so called for redemption, by the ratio which each such annual sinking fund payment for the Bonds of such maturity bears to the total sinking fund payments then remaining unpaid for the Bonds of such maturity, and by rounding each such payment to the nearest integral multiple of \$5,000 consistent with the total principal amount of Series 1986 Bonds of that maturity outstanding.

In lieu of making all or any part of any sinking fund payment in cash, the City may, at its option, redeem the Bonds through the purchase of Bonds in the open market. Bond shall not be purchased in the open market from moneys in the Water Fund at a price in excess of the par value of the Bonds plus the redemption premium applicable to the redemption of such Series 1986 Bonds on the next date on which they may be optionally redeemed and accrued and unpaid interest on the principal of the purchased Bonds to the date of purchase. Bonds of any maturity which are purchased by the City on the open market and deposited by the City with the Bond Registrar, if purchased from moneys in the Matured Water Bond and Interest Account described in the Bond Ordinance, shall be credited against and shall reduce the next sinking fund installment or installments up to the principal amount so purchased for the Bonds of that maturity or, if purchased from other moneys, shall be credited against and shall reduce the sinking fund installments for the Series 1986 Bonds of that maturity in a manner consistent with that provided in the preceding paragraph with respect to optional redemptions of the Series 1986 Bonds.

In the event of a redemption of less than all the Bonds of a maturity, the Bond Registrar shall assign to each outstanding Bond of a denomination greater than \$5,000 a distinctive number for each \$5,000 portion of such Bond so as to distinguish each such \$5,000 portion from each other portion of such Bond. The Bond Registrar shall select by lot, using such method of selection as it shall deem proper in its sole discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which

were assigned the numbers so selected, but only so much of the principal amount of each such Bond of a denomination of greater than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

Notice of redemption shall be given by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the date fixed for redemption to each registered owner of Bonds to be redeemed at such owner's address as shown in the bond register kept by the Bond Registrar and by such other additional method, if any, as the City shall deem appropriate. Notice of redemption shall specify the maturities of the Bonds to be redeemed, the date fixed for redemption and, if less than all of the Bonds of any maturity are to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amounts of such Bonds to be redeemed. Failure to give such notice by mail or a defect in the notice or the mailing as to any Series 1986 Bond will not affect the validity of any proceedings for redemption as to any other Series 1986 Bond as to which notice was given properly and the failure of any owner of a Series 1986 Bond to receive the notice shall not affect the validity of the redemption.

If less than the entire principal amount of a Bond shall be called for redemption, the City shall execute and the Authenticating Agent shall authenticate and deliver, upon surrender of such Bond, without charge to the registered owner thereof, one or more new Bonds of any authorized denomination, of the same maturity and aggregate principal amount as the unredeemed balance of the principal amount of the Bond so surrendered. If, on the date fixed for redemption, (a) moneys in an amount equal to the aggregate principal amount of all of the Bonds or portions of Bonds to be redeemed, together with any redemption premium and interest accrued on the Bonds to the redemption date, shall be held by the Paying Agent and are available for such redemption and (b) notice of redemption shall have been given as described above, interest on the Bonds so redeemed shall cease from and after the date fixed for redemption.

[The following seven paragraphs and the Assignment for Transfer shall appear on all Series 1986 Bonds.]

This Bond is negotiable, subject to the following provisions for registration, registration of transfer and exchange. The City shall maintain books for the registration of this Bond at the principal corporate trust office of the Bond Registrar. This bond shall be registered on those books.

This Bond is transferable on the bond register upon surrender of this Bond for transfer at the principal corporate trust office of the Bond Registrar, upon which one or more new Bonds of any authorized denomination of like maturity and aggregate principal amount, will be issued to the designated transferee or transferees.

At the option of the registered owner, any Bond may be exchanged for another Bond or Bonds of any authorized denomination, of the same maturity and aggregate principal amount, upon surrender of the Bond to be exchanged to the Bond Registrar. Upon such surrender for exchange, the City shall execute and the Authenticating Agent shall authenticate and deliver the Bonds which the registered owner making the exchange is entitled to receive.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the Bond Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar duly executed, by the registered owner of such Bond or such owner's duly authorized representative.

In all cases in which Bonds are to be transferred or exchanged, the Bond Registrar may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed (other than taxes, fees or charges imposed by the City) and to reimburse it for any expenses incurred in connection with such transfer or exchange. The Bond Registrar shall not be required to transfer or exchange any Bond during a period beginning at the opening of business on the 15th day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which notice of redemption is given or after notice selecting such Bond for redemption has been given.

The Bonds may be deposited with a fiscal agent in New York, New York, or such other agent as the Bond Registrar may designate, for transmission to the Bond Registrar for purposes of exchange or transfer.

The City and any agent of the City may deem and treat the person in whose name this Bond is registered as the absolute owner of this Bond for the purpose of receiving payment of or on account of principal, redemption premium, if any, and interest due on this Bond and for all other purposes. Neither the City nor any agent of the City shall be affected by any notice to the contrary.

[FORM OF ASSIGNMENT FOR TRANSFER]

For Value Received, the undersigned, _____, sells, assigns and transfers to _____ (Tax Identification or Social Security No. _____) this Bond and all rights under this Bond, and irrevocably constitutes and appoints _____ attorney to transfer this Bond on the books kept for the registration of this Bond, with full power of substitution in the premises.

Dated: _____
Signature

Notice: The signature must correspond with the name of the Registered Owner as it appears upon the face of the Bond in every particular, without alteration or enlargement or any change.

Exhibit B

[FORM OF BOND PURCHASE AGREEMENT]

CITY OF CHICAGO

WATER REVENUE BONDS
REFUNDING AND IMPROVEMENT
SERIES 1986

BOND PURCHASE AGREEMENT

_____, 1986

City of Chicago
Office of the Comptroller
City Hall
Chicago, Illinois 60602

Gentlemen:

The undersigned, acting on behalf of themselves and the other underwriters listed in Schedule 1 hereto (we and such other underwriters as finally determined being herein called, collectively, the "Underwriters"), hereby offer to enter into this Bond Purchase Agreement (the "Agreement") with the City of Chicago, Illinois (the "City") which, upon execution by the City as hereinafter provided, will become a binding agreement between the City and the Underwriters. We may change the underwriters listed in Schedule 1 at any time without notice to the City so long as we remain in the list of underwriters. This offer is made subject to the City's acceptance of this Agreement on or before 5:00 P.M., Chicago time, on the date hereof, and if not so accepted will be subject to withdrawal by the Underwriters upon notice delivered to the City at any time prior to acceptance by the City.

The Underwriters have heretofore designated the undersigned as their representatives (the "Representatives"). _____ has been duly authorized to execute this Agreement and such firm has been duly authorized to act hereunder on behalf of the other Representatives and the Underwriters.

1. Purchase and Sale of the Bonds. In reliance upon the representations, warranties herein contained, but subject to the terms and conditions herein set forth, the Underwriters, jointly and severally, hereby agree to purchase from the City for offering to the public, and the City hereby agrees to sell and deliver to the Underwriters for such purpose, an aggregate of \$_____ principal amount of the City's Water Revenue Bonds, Refunding and Improvement Series 1986 (the "Bonds"). The Bonds shall be dated _____, 198__ and shall have the maturities and bear interest at the rate or rates per annum as set forth on the cover page of the Official Statement of the City dated the date hereof relating to the Bonds (including any Exhibits and Appendices thereto, the "Official Statement"), such interest being payable semi-annually on May 1 and November 1 of each year, commencing _____ 1, 19___. The purchase price for the Bonds

shall be \$_____, plus accrued interest from _____ 1, 1986 to the Closing Date (as hereinafter defined Section 3). The Underwriters hereby agree to make a bona fide public offering of all of the Bonds at not in excess of the initial public offering yields or prices set forth on the cover page of the Official Statement, plus accrued interest.

The Bonds shall be issued pursuant to the constitutional home rule powers of the City and an ordinance adopted by the City Council on _____, 1986 (the "Ordinance"). The Bonds shall be as described in, and shall be issued and secured under the provisions of the Ordinance. The Bonds shall be fully registered and be payable as to principal and interest and be redeemable as provided in the Ordinance.

The Bonds shall not constitute debt or general obligations of the City within the meaning of any constitutional or statutory provision or limitation, and no exercise of the City's taxing power nor resort to any City fund other than the Water Fund of the Municipality of Chicago (as defined in the Ordinance) may be compelled on their behalf.

2. Representatives, Warranties and Covenants of the City.

The City represents, warrants and covenants that:

(a) The City is a Home Rule Unit of local government as that term is defined in and in accordance with the provisions of Article VII, Section 6(a) of the Illinois Constitution of 1970.

(b) The City has full power and authority pursuant to its home rule powers to: (i) adopt the Ordinance; (ii) enter into this Agreement and the Escrow Agreement (as defined in the Ordinance); (iii) issue and sell the Bonds as provided in this Agreement; and (iv) perform its obligations under and as contemplated in the Ordinance, this Agreement, the Escrow Agreement and the Bonds, including the punctual payment of principal of, premium, if any, and interest on the Bonds.

(c) Concurrently with the City's acceptance hereof, the City will deliver to the Representatives seven copies of the Official Statement executed by the City as indicated thereon. The City hereby authorizes the use of the Ordinance, the Official Statement and the information contained therein in connection with the offer and sale of the Bonds by the Underwriters and confirms that it authorized the use of the Preliminary Official Statement, dated _____, 1986 in connection with the public offering of the Bonds and in connection with the "blue sky" qualifications described in Section 2(o) below.

(d) At the time of its delivery to the Representatives, the Official Statement is, and at the Closing Date it will be, accurate in all material respects for the purposes for which its use has been authorized herein, and the Official Statement will not, as of such dates, include any untrue statement of material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they are or were made, not misleading; provided, however, that if the Official Statement is amended or supplemented pursuant to Section 5(b) hereof, at the time of each supplement or amendment thereto, and at the Closing Date if such supplement or amendment is made prior to the Closing Date, the Official Statement as amended or supplemented will be

accurate in all material respects for the purposes for which its use is or was authorized, and the Official Statement will not, as of such date or dates, include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(e) The Ordinance was duly adopted by the City Council and approved by the Mayor of the City and is in full force and effect. Pursuant to the Ordinance, the City has duly authorized the execution, delivery and due performance of this Agreement, the Escrow Agreement, the Bonds and the taking of any action as may be required on the part of the City to consummate the transactions contemplated in the Ordinance and the Bonds and, except as may be required under the securities laws of any state, there is no consent, approval, authorization or other order of, filing with, registration with, or certification by, any regulatory authority having jurisdiction over the City and no election or referendum of or by any person, organization or public body whatsoever required in connection with any of the foregoing actions; there are no provisions of Illinois law which would allow, as of the date hereof or any date subsequent hereto, any public vote or referendum, the results of which could invalidate the Ordinance or invalidate, limit or condition the obligations of the City undertaken hereunder or in connection with the transactions contemplated hereby.

(f) Between the date hereof and the Closing, the City will not, without the prior written consent of the Underwriters, issue any bonds or notes for borrowed money on behalf of the Department of Water of the City ("Department") and, subsequent to the respective dates as of which information is given by the Official Statement and up to and including the date of the Closing, the City on behalf of the Department has not incurred and will not incur any liabilities, direct or contingent, outside the ordinary course of business nor, to the best knowledge of the City, will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Department except as described in the Official Statement.

(g) The Bonds will conform to the description thereof contained in the Official Statement, and when delivered and paid for by the Underwriters at the Closing and in accordance with provisions thereof, will have been duly authorized, approved, executed, issued and delivered and will constitute legal, valid and binding obligations of the City enforceable in accordance with their terms (except as may be limited by bankruptcy, insolvency, or other similar laws relating to enforceability of creditors' rights), the principal of, premium, if any, and interest on which are payable solely and only from the Net Revenues derived from the operation of the Water System (as such terms are defined in the Ordinance) on a parity with certain other obligations described in the Official Statement.

(h) Neither the adoption of the Ordinance nor the execution and delivery of the Official Statement, this Agreement, the Escrow Agreement and the Bonds, or compliance with the provisions hereof and thereof, will conflict with or result in a violation of the Constitution of the State of Illinois or the laws of the State of Illinois, including any debt limitations or other restrictions or conditions on the debt-issuing power of the City, or will conflict with or result in a violation of, or breach of, or constitute a default under, any law or administrative regulation of any of the terms, conditions or provisions of any judgment, decree, loan agreement, note, resolution, indenture, mortgage, deed of trust or other agreement or instrument to which the City is a party or by which it is bound which would

in any way affect the validity or enforceability of the Ordinance, this Agreement, the Escrow Agreement or the Bonds.

(i) No action, suit, inquiry, investigation or other proceeding at law or in equity is pending or, to the knowledge of the City, threatened in or before any court, governmental agency, authority, body or arbitrator in any way affecting the existence of the City or the title of any official of the City to such person's office, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, or, except as disclosed in the Official Statement, the collection of Gross Revenues derived from the operation of the Water System and use of Net Revenues to pay principal of, premium, if any, or interest on the Bonds or in any way contesting or affecting the validity or enforceability of this Agreement, the Ordinance, the Bonds or contesting in any way the completeness or accuracy of the Official Statement or the powers or authority of the City with respect to this Agreement, the Ordinance, or the Bonds, or the exemption of interest on the Bonds from Federal income taxation.

(j) To the knowledge of the City, there is no public vote or referendum pending, proposed or concluded, the results of which could in any way adversely affect the transactions contemplated by this Agreement or the Ordinance, or the validity or enforceability of the Bonds, or which would adversely affect the exemption of interest on the Bonds from Federal income taxation.

(k) Any certificate signed by or on behalf of the Mayor or Comptroller of the City and delivered to the Representatives shall be deemed a representation and warranty by the City to the Underwriters as to the truth of those statements made by the City therein.

(l) The City has not received any judicial or administrative notice which in any way questions the Federal tax-exempt status of interest on the Bonds and has not been notified of any listing or proposed listing of it by the Internal Revenue Service as a bond issuer whose arbitrage certifications may not be relied upon.

(m) The issuance of the Bonds to the Underwriters will not be subject to any transfer tax or other documentary stamp taxes of the State of Illinois or any political subdivision thereof.

(n) On or prior to the Closing Date, the City shall have taken all actions necessary to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Ordinance, and (ii) the execution and delivery by the City of all such other instruments and taking of all such other actions on the part of the City as may be necessary or appropriate for the effectuation and consummation of the transactions on the part of the City contemplated by this Agreement, the Escrow Agreement, the Official Statement and the Ordinance. Between the date of this Agreement and the Closing Date, the City will take no action which will cause any warranty or representation contained in this Agreement to be untrue as of the Closing Date.

(o) The City will furnish such information, execute such instruments and take such other action in cooperation with the Representatives as the Representatives may deem necessary in order to qualify the Bonds for offer and sale under the "blue sky" or securities laws and regulations of such states and other jurisdictions of the United States as the Representatives may designate.

(p) The current operation of the Water System, the system of fees and charges therefor and the accounting and recordkeeping therefor is in material compliance with all applicable state and Federal laws, all applicable ordinances and rules of the City and, except as disclosed in the Official Statement, other political subdivisions of the State of Illinois, and all applicable rules and regulations of any governmental regulatory agency with jurisdiction over said System.

(q) The financial statements of the Water System included (i) as Appendix B to the Official Statement present fairly the financial position of the Water System at December 31, 1984 and 1985 and the results of its operations and the changes in its financial position for the years then ended and (ii) under "Financial Operations -- Recent Operations" in the Official Statement present fairly the results of operations of the Water System for the five years ended December 31, 1985 and for six months ended June 30, 1985 and 1986 in conformity with generally accepted accounting principles which have been applied on a consistent basis. For the period June 30, 1986 to the date hereof, there has been no material decrease in Net Revenues of the Water System as compared to the corresponding period in the fiscal year ended December 31, 1985.

(r) The City will not take or omit to take any action which will in any way result in the proceeds from the sale of the Bonds being applied in a manner other than as provided in the Ordinance.

3. Delivery of the Bonds. Payment of the purchase price for the Bonds as set forth in Section 1 hereof shall be made by certified or bank cashier's check or checks in Federal funds drawn to the order of the City at 10:00 A.M., Chicago time, _____, 198____, at the offices of Isham, Lincoln & Beale, Chicago, Illinois, or at such other time or place as the Representatives and the City determine, against delivery of the Bonds, in definitive form duly executed, at 11:00 A.M., New York City time, on such date at the offices of _____, _____, _____, and the other instruments and documents required to be delivered hereunder to the Representatives, such payment and delivery being herein referred to as the "Closing" and the time and date thereof being herein referred to as the "Closing Date". The Bonds so to be delivered will be in fully registered form in such names as the Representatives may request not later than 10 business days prior to the Closing Date, in denominations of \$5,000, or any integral multiple thereof, and will be made available for inspection, checking and packaging by the Representatives at the place where delivery is to be made, or at such other place as the Representatives and the City may determine, by 12:00 Noon on the day preceding the Closing Date.

4. Good Faith Deposit. Delivered to the City herewith by the Representatives is a certified or bank cashier's check payable to the order of the City in _____ funds in the amount of \$_____ (the "Deposit"), which, in the event that the City does not accept this Agreement, shall immediately be returned to the Representatives. The parties hereto agree that the check representing the Deposit may be cashed by the City upon acceptance of this Agreement and that, at Closing, the Deposit, without any adjustment for interest, shall be applied against the purchase price for the Bonds. Should the City fail to deliver the Bonds at the Closing or should the City be unable to satisfy any of the conditions of the obligations of the

Underwriters to purchase, accept delivery of and pay for the Bonds as set forth in this Agreement (unless waived by the Underwriters) or should such obligations of the Underwriters be terminated for any reason permitted by this Agreement, the Deposit, without adjustment for interest, shall immediately be returned to the Representatives. In the event the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, the Deposit shall be retained by the City as and for fully liquidated damages for such failure of the Underwriters and for any defaults hereunder on the part of the Underwriters, and such retention shall constitute a full release and discharge of all claims and damages for such failure and for any and all defaults hereunder.

5. Additional Covenants of the City.

(a) The parties hereto will advise each other promptly of the institution of any proceedings by any governmental agency or any other material occurrence affecting the use of the Official Statement in connection with the offer and the sale of the Bonds.

(b) If between the date of this Agreement and the Closing Date any event occurs as a result of which, in the opinion of the City and the Representatives, the Official Statement would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the City will supplement or amend the Official Statement in a form and in a manner approved by the Representatives and counsel for the Underwriters.

(c) The City will furnish or cause to be furnished to the Underwriters copies of the Official Statement, and all amendments and supplements thereto, in each such case as soon as possible and in quantities as the Representatives may reasonably request.

6. Conditions of the Obligations of the Underwriters. The obligations of Underwriters to purchase and pay for the Bonds will be subject to the completeness and correctness on the date hereof and at all times hereafter up to and including the Closing Date of the representations and warranties of the City herein, to the accuracy of the statements of the officials of the City made pursuant to the provisions hereof, to the performance by the City of its obligations and covenants hereunder and to the following additional conditions precedent:

(a) The Ordinance, this Agreement, the Escrow Agreement and the Official Statement shall be in full force and effect and shall not have been amended, modified or supplemented (except as permitted hereunder); and there shall have been taken in connection with the issuance of the Bonds all such actions as are necessary and appropriate.

(b) Subsequent to the date of this Agreement and on or prior to the Closing Date:

(i) The marketability of the Bonds or the contemplated offering price thereof shall not, in the reasonable opinion of the Representatives, have been materially adversely affected by an amendment to the Constitution of either the United States of America or the State of Illinois or by any Federal or Illinois legislation, either introduced or

effective between the date hereof and the Closing, or by any decision of any Federal or Illinois court or by any order, ruling or regulation (final, temporary or proposed) of the Treasury Department of the United States of America, the Internal Revenue Service or other Federal or Illinois authority or regulatory body, affecting the status of the City, its property or income, the City's securities (including the Bonds), or the tax exemption for interest thereon, granted or authorized by the Internal Revenue Code of 1954, as amended.

(ii) No ruling, regulation or official statement by, or on behalf of, any governmental agency having jurisdiction shall have been issued or made to the effect that the issuance, offering or sale of the Bonds, as contemplated hereby and by the Official Statement, is in violation or would be in violation of any provision of the Federal or Illinois securities laws.

(iii) No rating of any of the City's general obligation bonds or the Outstanding Bonds (as defined in the Ordinance) shall have been downgraded or withdrawn by a national rating service, the effect of which, in the opinion of the Representatives, is to materially adversely affect the market price of the Bonds or the Underwriters' ability to underwrite the Bonds.

(iv) None of the following events shall have occurred: (A) the engagement by the United States of America in hostilities which have resulted in a declaration of war or national emergency, or the occurrence of any other outbreak of hostilities or national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States of America being such as, in the opinion of the Representatives, would materially adversely affect the ability of the Underwriters to market the Bonds; (B) a general suspension of trading on the New York Stock Exchange or the American Stock Exchange or other national securities exchange; (C) the declaration of a banking moratorium either by Federal, New York State, or Illinois authorities; (D) an event described in Section 5(b) hereof shall have occurred which, in the opinion of the Representatives, requires an amendment or supplement to the Official Statement and the Official Statement is not then supplemented or amended in a manner approved by the Representatives and counsel for the Underwriters; or (E) there shall have occurred since the date hereof any material adverse change in the asset value, financial condition or results of operations of the Water System or the Water Fund.

(c) On the Closing Date, no litigation shall be threatened or pending in any court, nor any referendum or public vote shall be threatening or pending, nor any proceeding before or by any governmental authority, body or arbitrator shall be threatened or pending: (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds or, except as disclosed in the Official Statement, the payment, collection or application of the proceeds thereof or payments or other moneys or property pledged or to be pledged under the Ordinance; (ii) in any way questioning or affecting the validity of the Bonds or any provisions of this Agreement, the Escrow Agreement, the Ordinance or any proceedings taken by the City or the Underwriters with respect to any of the foregoing; (iii) questioning the City's creation, organization or existence or the titles to the office of any of its officers or its power to engage in any of the transactions contemplated by this Agreement, the Escrow

Agreement, or the Ordinance; or (iv) questioning the exemption of interest on the Bonds from Federal income taxation.

(d) The Representatives shall have received, dated as of the Closing Date:

(i) An opinion of Corporation Counsel of the City, substantially in the form set forth on Exhibit I hereto.

(ii) Approving opinions of Isham, Lincoln & Beale and _____ addressed to the City and the Representatives, substantially in the form set forth in Exhibit A to the Official Statement.

(iii) Supplemental opinions of Isham, Lincoln & Beale and _____ addressed to the City and the Representatives, substantially in the form set forth on Exhibit II hereto.

(iv) Opinions of _____ and _____ co-counsel to the Underwriters, addressed to the Representatives, substantially in the form set forth on Exhibit III hereto.

(v) A certificate, signed by the Comptroller of the City, in which such official states the following:

(A) The representations and warranties of the City in this Agreement are true and correct on and as of the Closing Date with the same effect as if made on the Closing Date and the City has complied with all covenants and agreements and satisfied all conditions and terms on its part to be performed or satisfied on or prior to the Closing Date.

(B) The conditions set forth in Section 6(a) and 6(c) of this Agreement have been satisfied.

(C) Certain facts, estimates and circumstances, which shall be set forth in such certificate with such particularity as will enable _____ Bond Counsel to render the opinions required under Section 6(d)(ii) of this Agreement, establishing that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" under Section 103(c) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, and, to the best of his knowledge and belief, there are no facts or circumstances that would change the foregoing conclusion.

(D) To the best knowledge of such official, all information with respect to the City, including, without limitation, all financial information, furnished or made available by the City to the Representative, was, as of the dates of such information, accurate, and did not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(vi) A certificate, signed by the City Clerk, in which such official states that attached thereto is a true and correct copy of the Ordinance, as duly adopted by the City and as then in full force and effect, with such, if any, amendments, modifications and supplements thereto as may have been agreed to by the Representatives.

(vii) A letter addressed to the Representatives from Coopers & Lybrand, independent public accountants, stating that they consent to the use in Appendix B to the Official Statement of their report covering the audited financial statements contained in such Appendix.

(viii) A letter addressed to the Representatives from Coopers & Lybrand, independent public accountants, to the effect that (1) with respect to the City, they are independent certified public accountants within the meaning of Rule 101 of the Code of Professional Ethics of the American Institute of Certified Public Accountants, (2) based on inquiries of and discussions with certain officials of the City responsible for accounting and financial matters, and such other procedures as they have considered appropriate, nothing has come to their attention which causes them to believe that with respect to the period from December 31, 1985 to a date not earlier than five business days prior to the Closing Date, there has been any material decrease in cash receipts or any material increase in cash disbursements of or from the Water Fund as compared with the corresponding period in the fiscal year ended December 31, 1985, except for decreases or increases set forth in such letter, in which case the letter shall be accompanied by an explanation by the City as to the significance thereof unless such explanation is deemed unnecessary by the Representatives, and (3) they have compared specified dollar amounts, numbers, percentages and other financial information pertaining to the Water System as set forth in the Official Statement, which have been specified by the Representatives prior to the date of this Agreement, to the extent that such amounts, numbers, percentages, and information may be derived from the general accounting records of the City, and excluding any questions regarding an interpretation of legal counsel, with the results obtained from the application of specified readings, inquiries and other appropriate procedures (which procedures do not constitute an examination in accordance with generally accepted auditing standards) set forth in the letter, and found them to be in agreement.

(ix) A certificate, dated the date of the Closing, signed by an authorized representative of Alvord, Burdick & Howson to the effect as the Water System's consulting engineer that (1) the Engineering Report, as of the date hereof and as of the date of the Closing, to the best of such firm's knowledge, was and is correct, and did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (2) such firm consents to the references to the firm in the Official Statement.

(x) A written report of, based upon information furnished to it by the City and addressed to the Underwriters, the City and the Bond Counsel, with respect to the accuracy of (A) the mathematical computations of the adequacy of the maturing principal of and interest earned on the portfolio of Government Obligations (as defined in the Official Statement) to be held in the Escrow Account (as defined in the Ordinance) established for the payment, when due, of the principal of and interest on

the Refunded Bonds (as defined in the Official Statement), and (B) the mathematical computations of the actuarial yield on such Government Obligations and on the Bonds, in form and substance reasonably satisfactory to the Representatives, the City and Bond Counsel.

(xi) A fully executed original of the Escrow Agreement.

(xii) Such additional certificates, proceedings, opinions, instruments, legal opinions and other documents as the Representatives may reasonably request in connection with the transaction contemplated by this Agreement.

(e) If the Official Statement has been amended or supplemented, at the Closing the City shall deliver to the Representatives seven copies of the Official Statement, as amended or supplemented, executed by the City as indicated thereon.

Any opinions, letters or certificates required to be addressed to the Representatives hereunder shall be addressed to the Representatives "as Representatives of the Underwriters." Any references therein to the Official Statement shall, if the Official Statement has been amended or supplemental pursuant to the provisions of Section 5 hereof, be to the Official Statement as so amended or supplemented.

If any of the conditions specified in this Section shall not have been fulfilled when and as required by this Agreement, or if any of the opinions, instruments, documents, proceedings or certificates mentioned above or elsewhere in this Agreement shall not be in all material aspects reasonably satisfactory in form and substance to the Representatives, this Agreement and all obligations of the Underwriters hereunder may be cancelled by the Representatives at, or at any time prior to, Closing. Cancellation shall be given to the City in writing, or by telegraph confirmed in writing.

7. Certain Costs and Expenses.

(a) The Underwriters shall be under no obligation to pay, and the City shall pay, all expenses incident to the performance of the City's obligations hereunder, including but not limited to: (i) the cost of the preparation and printing of the Ordinance and, in accordance with Section 5(c) hereof, the Official Statement in preliminary and final form (including any amendments or supplements thereto); (ii) the cost of the preparation, printing and delivery to the Underwriters of the Bonds; (iii) the fees and disbursements of Isham, Lincoln & Beale and _____, Bond Counsel; (iv) the fees and disbursements of the City's accountants and advisors, and of any other experts or consultants (including, without limitation, Coopers & Lybrand, Lazard Freres & Co. and Alvord, Burdick & Howson) retained in connection with the issuance and sale of the Bonds; (v) disbursements of the City's Corporation Counsel; (vi) rating agency fees; (vii) bond insurance policy premium; and (viii) any other expenses not enumerated in the paragraph immediately below incurred in connection with the issuance of the Bonds.

(b) The Underwriters shall pay: (i) the cost of preparation and printing of this Agreement, the Agreement among Underwriters and all the other underwriting documents; (ii) all advertising expenses in connection with the public offering of the Bonds;

(iii) the fees and disbursements of _____ and _____, co-counsel to the Underwriters, including the costs of preparation of the Blue Sky Survey and Legal Investment Memorandum; (iv) all other expenses incurred by them in connection with their public offering and distribution of the Bonds; and (v) such other expenses relating to the issuance of the Bonds as may be agreed upon by the City and the Representatives.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, including, without limitation, those laws applicable to contracts made and to be performed in that State.

9. Survival of Certain Representations and Obligations. The respective agreements, representations, warranties and other statements of the City and its officers and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation or statement as to the results thereof made by or on behalf of the Underwriters, the City or any of their officers or controlling persons, and will survive delivery of and payment for the Bonds.

10. Successors. This Agreement is made and will inure to the benefit of and be binding upon the parties hereto and their respective successors, officers and controlling persons, and, unless expressly provided for herein, no other person will have any right or obligation hereunder by virtue hereof.

11. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

12. Notice. All communications hereunder will be in writing and if sent to the Representatives will be mailed, delivered or telegraphed and confirmed to them, in care of _____, at _____, _____, _____, Attention: _____, _____, or if sent to the City will be mailed, delivered or telegraphed and confirmed to the address set forth above.

13. Effective Date. This Agreement shall become effective upon the execution of the acceptance hereof by the City Comptroller and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

As Representatives

By: _____

By: _____
Authorized Officer

ACCEPTED:

_____, 1986

CITY OF CHICAGO, ILLINOIS

By: _____
Ronald D. Picur
Comptroller,
City of Chicago

CONCURRENCE BY:

_____, 1986

By: _____
_____ of the Finance
Committee

Schedule I

List of Underwriters.

Exhibit I.

Corporation Counsel Opinion.

Exhibit II.

Supplemental Opinion Of Bond Counsel.

Exhibit III.

Opinion Of Underwriters' Co-counsel.

Exhibit C.

[Form Of Preliminary Official Statement]

New Issue

In the opinion of Co-Bond Counsel, interest on the Bonds is exempt from Federal income taxes under existing laws, rules, regulations and interpretations. Interest on the Bonds is not exempt from present Illinois income taxes.

\$ _____
City of Chicago
Water Revenue Bonds
Refunding and Improvement
Series 1986

Dated: _____, 1986

Due: November 1, as set
forth below

The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be payable on May 1, 198____ and semiannually thereafter each November 1 and May 1 by check or draft mailed to the registered owners thereof by American National Bank and Trust Company of Chicago, Chicago, Illinois, (the "Bond Registrar and Paying Agent"). Principal of and premium, if any, on the Bonds will be payable at the principal corporate trust office of the Bond Registrar.

The Bonds are payable solely from and secured by a pledge of the Net Revenues derived by the City from its ownership and operation of the Water System of the City as described herein.

The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation as to indebtedness, and no exercise of the City's taxing power nor resort to any City Fund other than the Water Fund may be compelled on behalf of the holders of the Bonds.

11/24/86

UNFINISHED BUSINESS

37413

Amount	Maturity	Interest Rate	Price/Yield

(Accrued interest from _____, 1986 to be added)

The Bonds are offered when, as and if issued and accepted by the Underwriters, and subject to approval of legality by Isham, Lincoln & Beale, Chicago, Illinois and _____, Chicago, Illinois, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by _____, Chicago, Illinois and _____, Chicago, Illinois. It is expected that the Bonds in definitive form will be available for delivery to the Underwriters in New York, New York on or about December 31, 1986.

_____, 1986

CITY OF CHICAGO WATER SYSTEM

MAYOR
Harold Washington

CITY TREASURER
Cecil Partee

CITY COUNCIL
Committee on Finance
Edward M. Burke, Chairman
Timothy Evans, Vice Chairman

CITY COMPTROLLER
Ronald D. Picur

CITY BUDGET DIRECTOR
Sharon Gist Gilliam

CORPORATION COUNSEL
Judson H. Minor

DEPARTMENT OF WATER
Lester S. Dickinson, Commissioner

CO-BOND COUNSEL
Isham, Lincoln & Beale
Chicago, Illinois

CO-BOND COUNSEL

Chicago, Illinois

FINANCIAL ADVISOR
Lazard Freres & Co.
New York, New York

CONSULTING ENGINEER
Alvord, Burdick & Howson
Chicago, Illinois

CERTIFIED PUBLIC ACCOUNTANTS
Coopers & Lybrand
Chicago, Illinois

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds referred to in this Official Statement by any

person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth in this Official Statement has been obtained from the City and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the operations of the Water System of the City since the date of this Official Statement. This Official Statement should be considered in its entirety, and no information or portion of information should be considered less important than any other by reason of its position in this Official Statement. This Official Statement is submitted solely in connection with the sale of the Bond referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose.

In Connection With The Offering Of The Bonds, The Underwriters May Overallot Or Effect Transactions Which Stabilize Or Maintain The Market Price Of The Bonds At A Level Above What Which Might Otherwise Prevail In The Open Market. Such Stabilizing, If Commenced, May Be Discontinued At Any Time.

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\$ _____

CITY OF CHICAGO

Water Revenue Bonds Refunding and Improvement Series 1986

INTRODUCTION

The purpose of this Official Statement, which includes the Cover Page, the Exhibits and the Appendices hereto, is to set forth certain information in connection with the sale of \$ _____ aggregate principal amount of Water Revenue Bonds, Refunding and Improvement Series 1986 (the "Bonds") of the City of Chicago, Illinois (the "City").

The Bonds are being issued pursuant to the home rule powers of the City under Article VII, Section 6(a) of the Illinois Constitution of 1970 and an ordinance adopted by the City Council of the City on _____, 1986 (the "Ordinance"). [Definitions of certain words and terms having initial capitals used herein are contained in the excerpt from the text of the Ordinance set forth in Appendix ____ hereto.]

The Bonds will provide funds for the refunding of certain outstanding obligations of the City payable solely from the Net Revenues of the Chicago water system (the "Water System") and for capital improvements and extensions of the Water System which is operated by the Department of Water of the City (the "Department").

For a discussion of the Department's recent and projected financial operations and comparative results of operations for the six-month periods ended June 30, 1985 and June 30, 1986, see "Financial Operations."

Water System, Water System Service Area and the Capital Improvements Program

The Department provides water to the City and 94 suburbs. This is an increase of 7 suburbs over the number served in 1985. The 1980 population of the communities presently served was _____. In addition, the Department has entered into contracts to provide service to 24 additional suburbs, which had a 1980 population of _____. The Department does not anticipate providing water service to these additional suburbs prior to 1990. The projected population to be served by the Department in the year 2005, including the 24 suburbs not yet receiving water from the Water System, is 5,420,990. The Water System has excess capacity in place to supply the demands of the Water System, including the addition of new customers, through the year 2020.

The Department's current customer base cover a service area of 583.89 square miles. The additional 24 suburbs with contracts would add to the service area 139.3 square miles and bring the total service area to 723.19 square miles. The Department's 87 suburban

customers in 1986 accounted for _____ % of the water pumpage. See "The Water System Service Area -- Suburban Customers."

The Department obtains its water from Lake Michigan. The raw water from the lake is of extremely high quality; after treatment, the drinking water meets and is well within all criteria established by the Illinois Pollution Control Board and the United States Environmental Protection Agency. As more fully described herein, the City, the 94 suburbs which the Water System presently serves and the 24 additional suburbs to which the Water System anticipates providing service all have received allocations of water from Lake Michigan through the year 2020. In the opinion of Alvord, Burdick & Howson (the "Consulting Engineer"), the allocations of Lake Michigan water are adequate for the projected demand of the City and its suburban customers.

Water is processed by the Department at the South Water Filtration Plant and the James W. Jardine Purification Plant, two of the world's largest water treatment facilities. Water is transported throughout the Water System via 65 miles of water supply tunnels and eleven pumping stations. Water is ultimately delivered to customers through over 4,200 miles of water mains ranging from four to sixty inches in diameter.

The Water System maintains a Class 1 rating, which is the highest rating that can be obtained from the American Insurance Association (formerly the National Board of Fire Underwriters). This rating indicates that the Water System meets the American Insurance Association requirements as to available quantity and dependability.

The Department's 1987 -- 1991 capital improvements program (the "Capital Improvements Program") is projected to cost \$ _____ and will provide for additions to the system, replacement of facilities and rehabilitation of existing facilities. The Department projects that all of its 1987 and 1988 Capital Improvements Program requirements will be funded from a combination of unencumbered amounts presently on deposit in the Department's existing Construction Account, Water Fund surplus projected to be generated at current water rates in fiscal years 1987 and 1988 and a deposit of approximately \$ _____ million to be made to the Construction Account: Series 1986 Bonds from Bond proceeds. Commencing in 1989, additional revenue will be required in order to fund the Capital Improvements Program. See "Financial Operations -- Projected Operations" and "Capital Improvements Program."

SECURITY FOR THE BONDS

General

The Bonds will be payable solely from the "Net Revenues," as defined in the Ordinance, of the Water System. The Bonds will be on a parity with \$ _____ (as of _____, 1986) principal amount of outstanding Water Revenue Bonds, Series 1983 (the "Series 1983 Bonds") and \$ _____ (as of _____, 1986) principal amount of outstanding Water Revenue Bonds, Refunding and Improvement Series 1985 (the "1985 Bonds"). The Bonds, together with such outstanding Series 1983 Bonds not refunded with proceeds of the Bonds, the 1985

Bonds and any Parity Bonds hereafter issued, are collectively referred to herein as "Outstanding Bonds." Although payment of the principal of and interest on all Outstanding Water Works System Certificates of Indebtedness (the "Certificates") has been provided for by a deposit of a portion of the Series 1985 Bonds proceeds in trust in an escrow account, the Certificates will continue to have a lien on Net Revenues until paid in accordance with their terms. See "The Refunding Plan" and "Outstanding Debt and Annual Debt Service--Outstanding Debt."

Principal of, premium, if any, and interest on Outstanding Bonds are payable solely from the Net Revenues derived from the operation of the Water System. "Net Revenues," as defined in the Ordinance, means that portion of the Gross Revenues remaining after providing sufficient funds for Operation and Maintenance Costs. "Gross Revenues," as defined in the Ordinance, means all income and receipts from any source whatsoever, which under generally accepted accounting principals are properly recognized as being derived from the operation of the Water System, including without limiting the generality of the foregoing, moneys derived from charges imposed for water service and usage and billed on a regular periodic basis and from charges imposed for inspection and permits for connection to the Water System, grants and Investment Earnings. "Investment Earnings," as defined in the Ordinance, means all interest received on or profits from the investments made with any of the Gross Revenues or any money in the Matured Water Bond and Interest Account, the Debt Service Reserve Account and the Rehabilitation and Improvement Account, but not any construction accounts, maintained in the Water Fund. "Operation and Maintenance Costs," as defined in the Ordinance, means all expenses reasonably incurred in connection with the operation, maintenance, renewal, replacement and repair of the Water System, which under generally accepted accounting principles are properly chargeable to the Water System and not capitalized, including, without limiting the generality of the foregoing, salaries, wages, taxes, costs of materials and supplies, purchase of power, fuel, insurance, reasonable repairs and extensions necessary to render efficient service, and all incidental expenses, but excluding any provision for depreciation.

The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation as to indebtedness, and no exercise of the City's taxing power nor resort to any City fund other than the Water Fund may be compelled on behalf of the holders of the Bonds.

Flow of Funds

The Gross Revenues are set aside as collected in a separate fund held by the Treasurer, designated as the Water Fund of the Municipality of Chicago (the "Water Fund"). The Water Fund and certain accounts therein are maintained as part of the "consolidated cash" of the City. See "Financial Operations-- Consolidated Cash." Under the Ordinance, the Water Fund is used, among other things, to pay operation and Maintenance Costs and debt service requirements on Outstanding Bonds. The following separate accounts are maintained within the Water Fund for the following purposes:

- (a) Matured Water Bond and Interest Account:

Not later than ten days prior to each principal or interest payment date, there shall be transferred to the Matured Water Bond and Interest Account sufficient funds, together with accrued interest received upon delivery of the Bonds, to pay the amount of principal, premium, if any, and interest becoming due, whether upon maturity, redemption or otherwise, on such payment date on all Outstanding Bonds.

Funds in the Matured Water Bond and Interest Account shall be used only for the purpose of paying principal of and applicable premium and interest on outstanding obligations of the City that are payable by their terms from the revenues of the Water System as the same shall become due. Funds in said account are maintained as part of the City's consolidated cash balances. See "Financial Operations--Consolidated Cash."

(b) Debt Service Reserve Account:

At the time of the delivery of the Bonds, sufficient funds from the proceeds of sale of the Bonds shall be transferred to the Debt Service Reserve Account to maintain a balance therein at least equal to the Debt Service Reserve Requirement, which account shall be deposited in a separate account in a bank or banks designated by the Treasurer pursuant to a depository agreement. After all bonds issued prior to 1986 are no longer outstanding, the Debt Service Reserve Account may have deposited in it cash or a Reserve Account Credit Instrument, as defined in the Ordinance, or a combination of them so long as the value meets the Debt Service Reserve Requirement. The "Debt Service Reserve Requirement," as defined in the Ordinance, means the amount of money equal to the sum of (i) the highest future principal and interest requirements of all Series 1983, Series 1985 and Series Bonds in any Fiscal Year including and subsequent to the Fiscal Year in which the computation is made and (ii) such other amounts as shall be required in connection with the issuance of Parity Bonds. Whenever the balance in said account is less than the Debt Service Reserve Requirement, within the next 12 months there shall be transferred to the Debt Service Reserve Account sufficient funds to maintain a balance therein at least equal to the Debt Service Reserve Requirement provided that, after all the bonds issued prior to 1986 are no longer outstanding, such Requirement may be met by a deposit of cash or a Reserve Account Credit Instrument or a combination of them. After giving effect to the application of Bond proceeds, said account will be fully funded in cash with a balance of \$_____.

Funds in the Debt Service Reserve Account shall be used to pay principal of any applicable premium and interest on outstanding obligations of the City that are payable by their terms from the revenues of the Water System as the same shall become due at any time when there are insufficient funds available therefor in the Matured Water Bond and Interest Account. Pursuant to the Ordinance, a separate bank account is established for the Debt Service Reserve Account, which is excluded from the City's consolidated cash balances and maintained separately. See "Financial Operations -- Consolidated Cash."

(c) Rebate Account:

From time to time, there shall be deposited in the Rebate Account amounts as shall be required to be held available for rebate to the United States of America with respect to

each series of bonds issued after August 1, 1986, including the Series 1986 Bonds. The amount so to be held available shall be determined from time to time by the City pursuant to the ordinances authorizing the various series of Outstanding Bonds. Amounts in the Rebate Account shall be used at the direction of the City to make rebate payments to the United States of America. Amounts in the Rebate Account may be used to pay debt service on the Bonds at any time when there are insufficient funds available for such purpose in the Matured Water Bond and Interest Account, the Debt Service Reserve Account and the Rehabilitation and Improvement Account. Pursuant to the Ordinance, a separate bank account is established for the Rebate Account, which is excluded from the City's consolidated cash balances and maintained separately.

(d) Rehabilitation and Improvement Reserve Account:

Whenever the balance in the Rehabilitation and Improvement Reserve Account is less than \$10,000,000 an amount equal to \$2,500,000, or such lesser amount as may be necessary, shall be transferred to said account in each Fiscal Year thereafter until the balance therein equals \$10,000.00. Currently, the balance in said account is \$_____. Funds in said account are maintained as part of the City's consolidated cash balances. See "Financial Operations -- Consolidated Cash."

Funds in said account shall be used (i) to pay principal of and applicable premium and interest on the outstanding obligations of the City that are payable by their terms from the revenues of the Water System as the same shall become due at any time when there are insufficient funds available therefor in the Matured Water Bond and Interest Account and the Debt Service Reserve Account, and the amount of such deficiency shall be transferred to the Matured Water Bond and Interest Account for such purpose, (ii) to pay the cost of constructing any emergency replacement to any part of the Water System deemed necessary in order to render efficient service when there are no other funds available therefor, provided, that prior to such payment, there shall be filed with the Comptroller and the Treasurer a certificate of the Commissioner of the Department to evidence that in said Commissioner's opinion the making of such improvement is an emergency replacement of part of the Water System, such replacement is essential for the continued efficient operation of the Water System and no other funds are available therefor, and (iii) to pay the cost of constructing new facilities of or making necessary improvements to the Water System constituting capital improvements, provided that such capital improvements are set forth in plans and a report thereof prepared by the Commissioner of the Department submitted to and approved by the City Council and, provided, further, that expenditures therefor shall only be made after certification thereof by said Commissioner directed to the Comptroller.

In the event of a deficiency in any Fiscal Year in the balance in the Debt Service Reserve Account or the Rehabilitation and Improvement Reserve Account, the amount of such deficiency shall, as the case may be, be included in the amount to be transferred to such account during the next 12-month period or succeeding Fiscal Year, as appropriate. Whenever the balance in the Debt Service Reserve Account or the Rehabilitation and Improvement Reserve Account exceeds the amount required, such excess may be transferred to the Water Fund; provided, however, that no such transfers shall be made when any debt service payments on outstanding obligations of the City that are payable by their terms from the revenues of the Water System are past due. Any funds which remain

in the Water Fund at the end of any Fiscal Year shall be retained in the Water Fund. Such funds shall, except for funds maintained in the separate accounts described above, be available for appropriation for any proper purpose of the Water System.

Investment of Funds

Funds in the four accounts described under "Flow of Funds" shall be invested in Permitted Investments (as defined in the Ordinance). All Investment Earnings on any funds so invested, except those in the Rebate Account, shall be credited to the Water Fund and be considered as Gross Revenues. Investment Earnings on any funds so invested in the Rebate Account shall be credited to that Account. See "Financial Operations--Consolidated Cash."

Construction Account: Series 1986 Bonds

A portion of the proceeds of the Bonds will be set aside in a separate account in the Water Fund (the "Construction Account: Series 1986 Bonds") for the purpose of financing a portion of the Capital Improvements Program and to pay the costs of issuance for the Bonds. The Construction Account: Series 1986 Bonds will be deposited in a bank or banks designated by the Treasurer pursuant to a depository agreement. Funds in the Construction Account: Series 1986 Bonds shall be invested by the depository at the direction of the Treasurer in Permitted Investments (as defined in the Ordinance) and the earnings thereon will be credited to the Construction Account. Pursuant to the Ordinance, a separate bank account is established for the Construction Account, which is excluded from the City's consolidated cash balances and maintained separately.

Rate Covenant

The Ordinance contains the covenant of the City to establish, maintain and collect at all times fees, charges and rates for the use and service of the Water System sufficient at all times to (a) pay Operation and Maintenance Costs, (b) produce an amount at least equal to 100% of the sum required to pay promptly when due the principal of, premium, if any, and interest on all Outstanding Bonds and (c) establish and maintain all reserve funds or accounts as may be covenanted for in bond ordinances authorizing the issuance of Outstanding Bonds. These fees, charges and rates shall not be reduced while any Outstanding Bonds are unpaid.

Additional Bonds

The City has reserved the right to issue additional bonds which are payable from Net Revenues on an equal and ratable basis with all Outstanding Bonds ("Parity Bonds").

Parity Bonds may be issued for the purpose of paying the costs of repairs, replacements, renewals, improvements or extensions to the Water System or for refunding Outstanding Bonds, upon compliance with the following conditions:

- (a) The funds required to be transferred to the Matured Water Bond and Interest Account, the Debt Service Reserve Account, the Rebate Account and the Rehabilitation

and Improvement Reserve Account shall have been transferred in full up to the date of the delivery of such Parity Bonds.

(b) The ordinance authorizing the issuance of Parity Bonds shall require either (i) the transfer at the time of the delivery of such Parity Bonds of sufficient proceeds of such Parity Bonds or Net Revenues or the obtaining of a Reserve Account Credit Instrument, or a combination thereof, to the Debt Service Reserve Account so that the balance in such account is at least equal to the Debt Service Reserve Requirement or (ii) equal monthly transfers to such account during a period not exceeding 60 months following the delivery of such Parity Bonds sufficient to restore such account to an amount at least equal to the Debt Service Reserve Requirement.

(c) Net Revenues for the last complete Fiscal Year prior to the issuance of the Parity Bonds (as shown by the audit of an independent certified public accountant), or Net Revenues for such last completed Fiscal Year, adjusted as described below, shall equal at least 125% of the maximum annual debt service for Outstanding Bonds which will continue to be Outstanding Bonds following the issuance of the proposed Parity Bonds, computed on a pro forma basis assuming the issuance of the proposed Parity Bonds. Net Revenues may be adjusted as follows for purposes of this paragraph (c):

(i) In the event there shall have been an increase in the rates of the Water System from the rates in effect for such last completed Fiscal Year, which increase is in effect at the time of the issuance of any such Parity Bonds, Net Revenues may be adjusted to reflect the Net Revenues for such last completed Fiscal Year as they would have been had said then existing rates been in effect during all of such last completed Fiscal Year.

(ii) Any such adjustment shall be evidenced by the certificate of an independent consulting engineer or an independent certified public accountant employed for that purpose, which certificate shall be filed with and approved by the City Council prior to the sale of the proposed Parity Bonds.

[More to come re Test to Issue in first six months of fiscal year prior to availability of audit.]

Other obligations, including bonds, may be issued payable from Net Revenues subordinate to the Outstanding Bonds.

Other Covenants

In addition to the covenants referred to above, the City has covenanted under the Ordinance, so long as any of the Bonds are outstanding, as follows:

(1) To maintain the Water System in good repair and working order, to operate the same on a Fiscal Year basis and to promptly construct the Projects (as defined in the Ordinance). See "Capital Improvements Program."

(2) Prior to the end of each Fiscal Year, to conduct a review to determine compliance with the requirement described above under "Rate Covenant" and whenever this annual

review indicates that the projected Net Revenues will not be sufficient to comply with said rate covenant, to have the Department, after consultation with the Office of Budget and Management of the City and the Comptroller and, where appropriate, a qualified consulting engineer, recommend appropriate action to comply with said rate covenant. See "Financial Operations -- Annual Budget Review and Implementation of Annual Budget."

(3) To make all necessary and proper repairs, replacements, additions and betterments to the Water System so that it may at all time be operated properly; and when any necessary equipment or facility shall have been worn out, destroyed or otherwise is insufficient for proper use, it shall be promptly replaced so that the value and efficiency of the Water System will be at all times fully maintained.

(4) To establish such rules and regulations for the control and operation of the Water System as are necessary for safe, lawful, efficient and economical operation thereof.

(5) To make and keep proper books, records and accounts (separate and apart from all other books, records, and accounts of the City), in which correct and complete entries shall be made of all transactions relating to the Water System, within 180 days following the close of each Fiscal Year, to cause the financial statements of the Water System to be audited by independent certified public accountants, which audited financial statements will be available for inspection by the registered owners of any of the Bonds. The financial statements will include but not be limited to: (a) a statement of revenue and expenses of the Water System for such Fiscal Year; (b) a balance sheet as of the end of such Fiscal Year including the amounts in each of the funds and accounts of the Water Fund for such Fiscal Year; (c) a statement of changes in the financial position of the Water System for such Fiscal Year; and (d) the amounts, maturities, interest rates and redemption provisions of all Outstanding Bonds. The independent certified public accountants who audit such financial statements shall also prepare a separate compliance letter regarding the City's compliance with the financial covenants of the Ordinance.

(6) To prepare annually a report of the number of customers served by the Water System at the end of the Fiscal Year, the number of metered and nonmetered customers at the end of the Fiscal Year and the quality of water provided.

(7) Not to sell, lease, loan or mortgage, or in any manner dispose of or encumber, the Water System (subject to the right of the City to issue Parity Bonds as provided in the Ordinance, to issue bonds subordinate to the Bonds and to dispose of real or personal property which is no longer useful or necessary to the operation of the Water System).

(8) To take and permit no action which would result in the interest payable on any of the Bonds being subject to federal income taxation by reason of the Bonds being classified as "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended.

(9) To take all actions required as a result of the provisions of the Internal Revenue Code of 1986, including so-called rebate requirements, so that interest on any of the

Bonds will not be or become subject to federal income taxation under present law, except as they may be subject to any alternate minimum tax applicable to corporations.

Remedies

Any owner of a Bond may proceed by civil action to compel performance of all duties required by the Ordinance, including the establishment and collection of sufficient fees, charges and rates for the service supplied by the Water System and the application of the income and revenue therefrom.

THE WATER SYSTEM

General -- Organization and Staffing

Pursuant to City Council ordinance, the Department was established in January, 1980 as an executive department of the City with responsibility for the operation, maintenance, repair and extension of the Water System. Before 1980 the Water System was maintained by the Department of Water and Sewers.

The Department, under the direction of the Commissioner, who is appointed by the Mayor and approved by the City Council, is organized into three bureaus: (1) Water Operations; (2) Water Distribution; and (3) Water Service. The Bureau of Water Operations has the responsibility for water pumping and water purification through its Pumping Station Operation Division and Water Purification Division, respectively. The Bureau of Water Distribution has responsibility for maintenance, design, construction and inspection of the distribution system including valves, fire hydrants and other appurtenances. The Bureau of Water Service has responsibility for water metering and revenue collection through its Water Meter Division and Water Collection Division, respectively. Included in the Commissioner's Office are staff assistants in the areas of finance, data processing and personnel, and the Chief Water Engineer's Office, all of which function in a staff capacity to the Commissioner.

The Department has _____ professionals with State of Illinois Water Plant Operator's Certificates. The employment level of the Department as of October 31, 1986 was _____. The average employment level of the Department for the past either years has been _____ employees. The Department does not anticipate increasing its staff within the next several years.

Management Personnel

Presented below is certain information concerning the senior management personnel of the Department:

Lester S. Dickinson, Commissioner

Mr. Dickinson possesses a Bachelor of Science degree in Civil Engineering. Mr. Dickinson is a Registered Professional Engineer. Prior to his appointment as Commissioner of Water in 1985, Mr. Dickinson served as Commissioner of Streets and

Sanitation and Chief Construction Engineer for the Department of Public Works. Mr. Dickinson has been an employee of the City since 1969. Mr. Dickinson is a member of the American Water Works Association, American Public Works Association and Illinois Society of Professional Engineers.

James W. Hedges, Chief Water Engineer

Mr. Hedges has been employed by the Department of Water, and its predecessor the Department of Water and Sewers, since 1966, holding his current position of Chief Water Engineer since 1978. He is a graduate of Northwestern University with a Bachelor of Science degree in Civil Engineering and is a Registered Professional Engineer. Technical and professional associations include the National Society of Professional Engineers, American Water Works Association, American Public Works Association, American Society of Civil Engineers and the Illinois Engineering Council.

Wanda T. Gladysz, Director of Finance

Prior to her appointment to her current position in 1983, Ms. Gladysz served as Assistant Budget Director for the City and was employed in the office of Budget and Management since 1981. She holds a Bachelor of Science degree from DePaul University's College of Commerce, specializing in management and accounting and is currently working toward a Masters of Business Administration at DePaul University. Ms. Gladysz is a member of the American Water Works Association, the Association of Metropolitan Water Agencies and the American Public Works Association.

Billing for Water and Sewer Services

The Water Department and the Sewer Department have been operated separately since 1980. The Sewer Department has separate management, separate accounting, and issues its own debt securities secured by Sewer Department revenues. The only current connection between the two departments is the combined billing described below.

The sewer service charge relating to the delivery of sewer services is billed together with the water usage charge on customer billings. The sewer service charge is currently 48% of the water usage charge within the City. Any delinquencies for sewer services charges are carried on the books of the Sewer Fund. All billings and collections are handled by the Department's Collections Division.

Description of Facilities

The South Water Filtration Plant and the James W. Jardine Water Purification Plant are two of the world's largest water treatment facilities, aggregating a continuous service capacity of 2,160 millions gallons per day ("M.G.D."). These plants are supplied from 6 water intakes, 4 of which are water intake cribs located in Lake Michigan 2 to 4 miles from shore (one of which is on standby service), and two of which are shore intakes (one at each plant). There are 11 pumping stations, 5 of which are steam and 6 electrically operated, with a total installed pumping capacity of 3,095 M.G.D. and safe pumping capacity (largest pump in each station out of service) of 2,385 M.G.D. The water is transported throughout the Water System by 65 miles of water supply tunnels. These tunnels are located 40 to 200

feet below the ground surface and range in size from 6 feet to 20 feet in diameter. The water is raised from tunnels by pumps in the 11 pumping stations and delivered to the customers through over 4200 miles of water mains ranging in size from 4" to 60" in diameter.

THE WATER SYSTEM SERVICE AREA

Service Area

The Water System supplies water to a service area of approximately 583.89 square miles. The City accounts for 228.1 square miles and the 94 suburban customers currently supplied account for 355.79 miles. With several of these suburban customers being new to the Water System in 1986, the 87 served in 1985 accounted for ____% of the net water sales for 1985.

The 7 additional suburbs newly served by the Water System in 1986 formed the Northwest Suburban Municipal Joint Action Water Agency ("J.A.W.A."). J.A.W.A. has constructed pipelines for transporting the City's water to the seven suburbs.

Twenty-four suburbs have negotiated a contract with the Department to become customers of the Water System. Service to these 24 suburbs will add another 139.3 square miles to the Water System's service area. The projected operations contained herein do not anticipate providing water services to these 24 suburbs prior to 1990. The 24 suburbs mentioned above are to be served by the DuPage Water Commission which negotiated the contract with the Department. The additional 24 suburban communities mentioned above will increase the Water System's service area by 24% to 723.19 square miles.

The Department will be able to supply water to the suburbs in J.A.W.A. and the DuPage Water Commission with existing facilities and does not expect to incur any substantial capital cost associated with providing such service. J.A.W.A. has financed, and the DuPage Water Commission will finance, the construction of pumping, water retention and related facilities at delivery points just within the City's limits. These additional facilities will be acquired by the Department over time through a credit for a portion of the charges for water purchased by such suburbs under their contracts.

WATER SYSTEM AREA SERVED (Square Miles)

(Current and Forecasted)

Area Description

City	228.10	
Current 94 Suburbs	<u>355.79¹</u>	
Subtotal		583.89

24 Suburbs² under contract but not currently

served (1)(2)	<u>139.30</u>	
Subtotal		<u>139.30</u>
Total		<u><u>723.19</u></u>

(1) The present water supply of these suburbs is groundwater.

(2) Suburbs in the DuPage Water Commission.

Population

In 1986, the Water System supplied water to the City and 94 suburbs. The City's population in 1980 was 3,005,072 and the 94 suburbs population was _____. Similarly, the 1980 population of the 24 suburbs to be served in the future was _____.

The following table shows the population of the City and suburbs supplied water for the past three decades:

WATER SYSTEM POPULATION OF SERVICE AREA (1)

Year	City	Suburbs	Total	No. of Suburbs Served
1950	3,620,962	517,000	4,137,962	48
1960	3,550,404	833,424	4,383,828	58
1970	3,369,357	1,127,446	4,496,803	72
1980	3,005,072	1,152,614	4,157,686	75

(1) Source of population figures: U.S. Department of Commerce.

The Northeastern Illinois Planning Commission ("N.I.P.C."), a regional planning agency, has forecasted that the population of the 118 suburbs expected to be served will increase by 21% to 2,414,890 in the year 2005. The City's population is projected to increase slightly during that same period. Based upon N.I.P.C.'s forecast, the Water System anticipates providing service to approximately an additional 1,000,000 people by the year 2005. See table below.

WATER SYSTEM POPULATION SERVED

	Current Customers (1980 Pop.)	Projected Customers (2005 Pop.)
City	3,005,072	3,006,100
75 Suburbs (served in 1980)	1,152,614	1,165,676
19 Suburbs (added since 1980)		
24 Suburbs (under contract but not presently served)	(1)	
Total		

(1)

Water Accounts

As of December 31, 1985, the Water System supplied _____ accounts. Of these, _____ were nonmetered and _____ were metered. The number of nonmetered accounts exceeds the number of metered accounts because all single and two-family dwellings within the City were nonmetered accounts prior to 1982. However, pursuant to a 1982 City ordinance all new accounts, regardless of character, and all new services to existing accounts are required to be metered. All suburban customers (primarily municipal corporations) are metered. The following table reflects the total accounts of the Water System, nonmetered and metered:

Year	Nonmetered	Metered	Total
1979	344,929	154,476	499,405
1980	345,160	153,219	498,379
1981	343,614	152,881	496,495
1982	343,729	152,325	496,054
1983	340,981	150,740	491,721
1984	340,305	151,972	492,277
1985	-----	-----	-----

In the opinion of the Department there has been no material change in the numbers of such accounts during 1986.

Suburban Customers

The Department's relationship with its suburban customers is based on the 1889 Sanitary District Act (the "Act"). This State law requires the City to supply water at the City limits to any municipal corporation within the Metropolitan Sanitary District of Greater Chicago (the "Sanitary District") at no greater price or charge than that applicable to similar large users in the City. See "Litigation." In 1909, The City began its suburban service by supplying water to the Village of Burnham, which is now part of the City. In 1910, Cicero became the second suburb to receive water from the City.

The Department now serves 94 suburbs, all of which are located in the Sanitary District. The Department prefers to have standard contracts with suburban customers. The Department's standard contract is for a term of 10 years, renewable at the option of the suburb, and includes certain water supply and planning provisions, such as requiring suburbs to maintain storage capacity for a two day supply of water and establishing the maximum rate at which suburbs may withdraw water from the Department's mains. The City has continued to supply water to those suburbs which have not yet renewed their contracts.

Since the City began serving suburbs in 1909, only one suburban customer, Skokie in 1957, has ever chosen to cease purchasing water from the City. The Department and the Consulting Engineer consider it unlikely that any current suburban customer will choose to withdraw from the Water System for the following reasons:

1. Their water systems are in place and it would require large capital investments for these customers to connect directly with Lake Michigan or to connect to another system capable of supplying them water from Lake Michigan.
2. The Department is obligated under the Act to supply water to the suburbs within the Sanitary District at a specified water rate.
3. The Department provides a reliable, high quality supply of water to its suburban customers.
4. The present demand on available groundwater exceeds its potential yield thereby reducing its reliability as a long term source of water supply.
5. The quality of Lake Michigan water is superior to local groundwater.

The contracts which the Department has executed with J.A.W.A. and the DuPage Water Commission are substantially similar to each other, but are different from the standard contracts discussed above. These new contracts are for forty year terms. J.A.W.A. has made, and the DuPage Water Commission will have to make substantial capital investments to connect with the Water System. The contracts provide that the portion of this investment attributable to the facilities within the City limits will be reimbursed to

them in the form of a credit for a portion of the charges for the water delivered from the Department.

Listed below are the Department's eleven largest suburban customers. Due to submetering, several of these suburbs supply one or more other suburbs. In total 37 of the Department's 94 suburban customers are served through the Department's eleven largest suburban customers.

<i>Customer</i>	<i>Amount of Sales</i>
J.A.W.A.	(1)
Oak Lawn	\$3,897,539
Cicero	3,065,852
Harvey	2,689,686
Bedford Park	2,366,630
Melrose Park	2,224,029
McCook	2,078,553
DesPlaines	1,903,593
Oak Park	1,576,587
Franklin Park	1,462,205
Alsip	<u>1,451,825</u>
	<u>\$22,716,499</u>

-
- (1) Serves 7 suburbs beginning in 1986 with estimated amount of sale for that year of \$ _____.

While the the total number of accounts and total number of gallons pumped within the City have reflected a decline since 1979, each has been partially offset by increases in suburban customers with the result that operations of the Water System have been stable and are projected to remain so during the period of five years ending December 31, 1991.

Water Pumpage

During 1985 the Water System pumped a total of _____ million gallon of water. Because the Department supplies water to nonmetered customers and certain exempt users, many of which are also not metered, it is impossible for the Department to account exactly for its total system pumpage. However, the Department estimates that approximately 32% of its total pumpage is presently consumed through non-revenue producing uses. Such non-revenue producing uses include water provided to municipal buildings and charitable users, water used through fire hydrants, water lost through under-registration of meters, water lost through system leakage and other unaccounted for areas. Of the water pumped in 1985 when the Water System was not yet serving the seven

J.A.W.A. suburbs, _____% was supplied to the suburbs. The Water System's revenues are derived from collections from its metered and nonmetered customer accounts. In 1985 when the Water System was not yet serving the seven J.A.W.A. suburbs, revenues were derived from general classifications of customers approximately as follows: City industrial and commercial (_____%); City residential (_____%); and suburban (_____%).

The forecast in the table set forth below is based on the assumption that the demand for water by City customers will remain static and the demand by suburban customers will increase in accordance with each suburb's Lake Michigan allocation. The table shows total water pumped or expected to be pumped.

WATER PUMPAGE TO CITY AND SUBURBS
(In Millions of Gallons)

Year	City	Suburbs	Total	No. of Suburbs
Historical (1)				
1979	299,709	67,348	367,057	74
1980	290,216	67,372	357,588	75
1981	277,101	65,775	342,876	75
1982	282,863	64,044	346,907	77
1983	285,100	63,948	349,048	79
1984	289,970	67,928	357,898	84
1985	-----	-----	-----	87
Forecast				
1986	278,051	77,734 (2)	355,785	94
1987	278,078	81,643	359,721	94
1988	278,104	82,652	360,756	94
1989	278,132	83,438	361,570	94
1990	278,159	84,220	362,379	94

(1) Source: Department's Records.

- (2) Reflects seven suburbs in J.A.W.A. that began to receive water in December, 1985.

As the table below indicates, for the past five years the Water System's maximum daily pumpage ranged from 62% to 78% of the Water System's capacity. This indicates that the Water System has the capacity to serve the additional anticipated customers.

WATER SYSTEM PUMPAGE AND CAPACITY

Year	Total Pumpage (MG)	Average Daily Pumpage (MGD)	Maximum Days Pumpage (MGD)	System's Rated Pumpage Capacity (MGD)	Maximum Pumpage as % of Capacity
1979	367,057	1,006	1,375	2,160	64%
1980	357,588	977	1,639	2,160	78%
1981	342,876	939	1,456	2,160	67%
1982	346,907	950	1,346	2,160	62%
1983	349,048	956	1,507	2,160	70%
1984	357,898	978	1,595	2,160	74%
1985	-----	---	-----	-----	---

Lake Michigan Allocations

Diversion of water from Lake Michigan began in 1900 when the flow of the Chicago River was reversed. In 1922 the State of Wisconsin filed the first law suit relating to the diversion of Lake Michigan water at Chicago. The United States Supreme Court referred the case to a Special Master and a decree was issued in 1930 which allowed the State of Illinois to divert 6,500 cubic feet per second ("cfs") until 1938 and 1,500 cfs thereafter. Water pumpage for potable water supply use was not chargeable to the amounts allowed for diversion under the decree. In 1957 the State of Wisconsin again filed suit in the United States Supreme Court. The suit led to the appointment of a Special Master and the resultant 1967 decree, based on the Special Master's findings, restricted the State of Illinois from diverting more than 3,200 cfs. This limitation on diversion included water pumpage for potable water supply.

In 1980 the State of Illinois Department of Transportation ("I.D.O.T."), which is the State Agency responsible for apportionment (Illinois Rev. Statute, Ch. 19, Section 119, *et seq.*), published LMO 80-4 which allocated Lake Michigan water to 186 entities, including Chicago and the 75 suburbs that the City was supplying at that time. Since 1980, 19 additional suburbs that had received an allocation have begun purchasing water from the City, with seven of those coming on line through J.A.W.A. in 1986. The 24 suburbs with contracts to purchase water from the City received an allocation.

The water allocations were granted for a 40-year period through the year 2020. The allocations are flexible in that, if a community requires additional water, it may apply to I.D.O.T. for an increase in allocation. Several communities have applied for and received increases in their allocations since 1980. The forecasts of future water requirements, upon which future revenues were calculated, do not exceed present allocations.

In the opinion of the Consulting Engineer, the 40-year allocations of Lake Michigan water are adequate to meet projected water demand of the customers of the Water System.

LAKE MICHIGAN ALLOCATIONS
TO CITY AND SUBURBS(1)
(M.G.D.)

Year	Customers Presently Covered		Total	31 Suburbs With Con- tracts Not Receiving Water	Total	
	Chicago	87 Suburbs			M.G.D.	No. of Suburbs
1986	777.3	192.3	969.6	100.8	1070.4	118
1987	777.4	193.9	971.3	103.0	1074.3	118
1988	777.5	195.4	972.9	105.3	1078.2	118
1989	777.6	196.9	974.5	107.6	1082.1	118
1990	777.6	198.4	976.0	110.7	1086.7	118
2000	777.8	207.4	985.2	133.9	1119.0	118
2010	777.9	211.2	989.1	136.1	1125.2	118
2020	777.9	223.2	1001.1	142.5	1143.6	118

(1) Allocations are rounded to tenths; actual allocations are specified to .001 M.G.D.

FINANCIAL OPERATIONS

Rates, Fees and Users

The Water Fund is self-supporting and receives no share of any state or local or property or income taxes. Revenues from the sale of water provide for the operation, maintenance and debt service of the Water System.

Payment on both metered and nonmetered accounts is due 21 days after the billing date. If payment is received within the 21-day period, a 2-1/2% discount is allowed on the water charge. See "Financial Operations--Collections and Delinquencies" for further discussion on the treatment of such accounts.

The present water rate for metered accounts, in effect since May 1, 1985, is \$5.91 per thousand cu. ft. and, if paid within 21 days, is \$5.77 per thousand cu. ft., or 77.1 cents per thousand gallons. The assessment of nonmetered users is based on a formula primarily involving the front width of the building and the number of stories therein plus a charge for an outside hose connection plus extra charges for large water-using devices such as water-cooled air conditioners.

The metered water rate is applicable to the 94 suburbs presently served by the Water System and the 24 other suburbs that will be served by the Water System. See "Litigation."

Whenever projected Net Revenues will not be sufficient to comply with the rate covenant in the Ordinance, the Department shall, after consultation with the Office of Budget and Management of the City and the Comptroller and, where appropriate, a qualified consulting engineer, recommend appropriate action to comply with the rate covenant.

A water rate increase would then be recommended by the Commissioner to the Budget Director. Upon review of each rate increase, the Budget Director in turn, recommends the rate increase to the Mayor. The Mayor, thereafter, proposes such rate increase to the City Council for its consideration and the City Council in turn must approve the rate increase for it to become effective.

Recent Water Rate Increases

Since January 1, 1977, the Water System has had three rate increases. The water rate increase which became effective in January 1977 represented a 21% increase. The water rate increase which became effective in May 1981 represented a 51% increase. The water rate increase which became effective in May 1985 represented an 11% increase. See "Financial Operations--Projected Operations."

RECENT WATER RATE HISTORY

Date Effective	Gross Water Rate		Net Water Rate(1)	
	1,000 Cubic Feet	1,000 Gallons	1,000 Cubic Feet	1,000 Gallons
January 1, 1977	\$3.52	47.1c	\$3.43	45.8c
May 1, 1981	\$5.32	71.1c	\$5.19	69.4c
May 1, 1985(2)	\$5.91	79.0c	\$5.77	77.1c

(1) Reflects 2-1/2% discount for paying within 21 days.

(2) Current metered water rate.

Distribution of Revenues by Type of Account

The following tables identifies the approximate distribution of revenues by type of account for the years 1979 to 1985:

Consolidated Cash

The City Treasurer maintains a cash record for each of the City's funds. The cash in all operating bank accounts and in short-term investments (cash equivalents) is referred to by the City Treasurer and the City Comptroller as the "consolidated cash" of the City. Cash is currently deposited in total in the City's operating bank accounts which, except as noted below, are treated as a single, aggregate bank account. Generally investments are processed for the aggregate funds. The City Comptroller issues warrants for authorized City expenditures which represent a claim for payment when present to the City Treasurer. Payment for all City warrant clearing is made by checks drawn on the City's various operating bank accounts. The City Treasurer reimburses the operating bank accounts for all warrants paid pertaining to funds which have individual bank accounts by checks drawn on those funds' bank accounts.

Deficit cash balances in a particular fund represent interfund borrowings from the aggregate of other funds within the City's consolidated cash accounts and cannot be identified with any particular lending fund. It is the understanding of the City that under Illinois law, municipal officials are required to use sound business judgment with respect to the use of idle funds, and that certain temporary interfund borrowings by the City are authorized for the benefit of a fund having a stated and sufficient income to repay the amount borrowed. Such interfund borrowing reduces external borrowing and thereby may reduce interest costs.

The Water Fund, and the Matured Water Bond and Interest Account and the Rehabilitation and Improvement Reserve Account therein, are included within the consolidated cash of the City. Pursuant to the Ordinance separate bank accounts are established under depository agreements for the Debt Service Reserve Account, the Rebate Accounts and the Construction Account. Series 1986 Bonds, which, together with certain other separate bank accounts, trust accounts and escrow accounts established by the City, are excluded from the City's consolidated cash balances and maintained separately.

Annual Budget Review and Implementation of Annual Budget

The Department's annual budget is developed and implemented along with the City's annual budget. The Department's proposed annual budget is based upon an analysis of its operation and maintenance expenses for the previous 18 months. The results of this analysis are used to project the Department's revenue requirement for the succeeding fiscal year. The Department's revenue requirements must satisfy its rate covenant. The Department reviews its water usage charges and determines whether they will be adequate to meet projected revenue requirements. If necessary, proposed rate increases will be included in the Department's proposed annual budget.

Once the Department has finalized its proposed annual budget, the Commissioner recommends it to the Budget Director. The Budget Director considers the Department's proposed budget along with the proposed annual budgets recommended and submitted by all of the other departments, agencies, etc. whose budgets become part of the City's proposed annual budget. The Budget Director reviews each recommended budget with the respective commissioner. In the case of the Department's budget, the Director and the Commissioner will review each item of the budget and the Commissioner will be called upon to explain and justify such items. When the Budget Director approves all of the proposed budgets, they are recommended to the Mayor.

The Mayor, along with the Budget Director, reviews each proposed budget and then confers with the respective commissioners. After conferring with the commissioners and the Budget Director, the Mayor recommends these separate budgets as the City's entire annual budget to the City Council.

Once the City Council receives the proposed City budget, the City Council refers it to its Committee on Budget. The Committee on Budget holds public hearings which include testimony by the commissioners, the Budget Director and the City Comptroller. The Comptroller's participation in these hearings is necessary since the Comptroller is responsible for implementing the City's budget once the City Council has approved it.

The City's proposed budget may be changed by the Committee on Budget or the members of the City Council. However, when the City Council has approved the proposed annual budget as the annual appropriation ordinance, it is forwarded to the Mayor for approval.

Should the Mayor veto the approved annual appropriation ordinance, the City Council with a two-thirds vote may override the veto. The City Council may also refuse to approve the Mayor's proposed annual budget. In such a case, the appropriate process for passage of the City budget may have to be judicially determined.

During the fiscal year, the Comptroller uses the appropriations accounting system to allocate certain funds to meet debt service reserve requirements and central services and general fund reimbursements. The Budget Director uses the system to manage each department's expenditures against their respective annual appropriations. The Budget Director requires departments to submit quarterly allotment budgets which the Budget Director, in turn, monitors. Should any department's expenditures exceed its receipt of revenues, the Budget Director through the quarterly budget allotment procedure has the authority to institute economy saving measures against such department to insure that its expenditures do not exceed or out-pace its revenue collection. Under this procedure, during 1985 the Department was required to restrict its quarterly expenditures to 98% of its collected revenues, which limitation has had no significant adverse effect on the operations of the Department for the year. [1986 experience]

Recent Operations

Following are the Water Fund's statements of operations as reported in the audited financial statements of the Water Fund for the years ended December 31, 1980 through December 31, 1985.

HISTORICAL STATEMENTS OF OPERATIONS 1980 -- 1985

- (1) Effective May 1, 1981, the rate charged for water service was increased 51%.
- (2) The Water Fund's financial statements reflect a change in accounting principle to implement National Council in Governmental Accounting (N.C.G.A.) State No. 4. Under this pronouncement employee vacation leave is to be accounted for in accordance with Financial Accounting Standards Board Statement No. 43, which requires that employee vacation leave that vests or accumulates be recorded when earned instead of as paid. This change was reflected as a reduction on December 31, 1981 fund balance of \$4,895,000 and resulted in a reduction of net income of \$97,000 and \$387,000 in 1983 and 1982, respectively.
- (3) Includes Water Fund reimbursements to the City for services provided by other City Departments (e.g., police and fire protection), employee benefits and self-insured risks. No payment in lieu of property tax is made.
- (4) Coverage is equal to operating income before depreciation divided by debt service requirements. For purposes of these calculations, investment income from the Debt

Service Reserve Account and the Rehabilitation and Improvement Reserve Account is included in operating income for 1983 and 1984 and, for 1984, investment income from the Construction Account is also included in operating income.

(5) Working capital was used in 1980 to meet the debt service requirements. This situation occurred due to the following factors: 1) there was an unexpected 1% decline in operating revenues due to factors influencing water consumption; and 2) operation and maintenance expenses increased by 11%, which was higher than was anticipated, primarily due to unexpected large increases in power and pumping and purification expenses. In order to provide additional revenues the City raised water rates by 51% effective May 1, 1981. At no time has the City failed to make debt service payments on obligations of the Water Fund when due. Under the Ordinance, the City has covenanted 1) to establish, maintain and collect at all times fees, charges, and rates sufficient at all times to pay all operation and maintenance costs, debt service requirements and amounts necessary to establish and maintain all reserve funds or accounts called for under the Ordinance; and 2) prior to the end of each fiscal year, to conduct a review to determine the compliance with the rate covenant, and, whenever the annual review indicates that the projected revenues will not be sufficient to comply with the rate covenant, to recommend appropriate action to comply with the rate covenant. See "Security for the Bonds-Rate Covenant," "Security for the Bonds- Other Covenants" and "Financial Operations-Annual Budget Review and Implementation of Annual Budget."

(6) Exclusion of investment income from the Construction Account from the coverage calculation would result in 1984 coverage of 1.05x (see note (4) above).

The increases in operating revenues during 1981 and 1982 were due primarily to a water rate increase of 51% which was approved by the City Council on December 12, 1980 and became effective on May 1, 1981. The first full year of water sales with the 51% increase in effect was 1982. Operating revenues were also affected by other factors such as the number of customers served and their respective water usage habits, water conservation programs and weather conditions during the period. Operating revenue from other than water sales increased in 1980 and thereafter principally due to reimbursements from the sewer fund for additional expenses incurred by the Department as a result of the billing of the sewer charge effective January, 1980.

Operating expenses increased 9.5%, 9.8%, 6.4%, 4.0% and _____% during 1981, 1982, 1983, 1984 and 1985 exclusive of the provision for doubtful accounts, respectively. A substantial portion of these increases was related to employee compensation including such fringe benefits as pensions, earned vacation pay, workmen's compensation, life insurance and dental insurance (introduced in 1980). Transmission and distribution costs, which increased \$8,011,944 in 1982 due to extremely cold weather resulting in frozen mains, have decreased recently. A reduction in central services and general fund reimbursements between 1981 and 1982 was due to a reduction in payment for other municipal services determined to be reimbursable from the Water Fund. The increase in central services and general fund reimbursements between 1983 and 1984 was due to an increase in overall City expenses. The provision for doubtful accounts is dependent largely on factors which impact collections, such as customer response to water rate increases and

general economic conditions. Other notable causes of increased operating expenses included significant increases in the cost of energy and chemicals to pump and treat water, respectively, which costs stabilized in 1984 and 1985.

The following are the Water Fund's unaudited statements of operations for the six-month periods ended June 30, 1984, June 30, 1985 and June 30, 1986. The books of the Department are maintained on a cash basis. Accordingly, in preparing the following statements, the Department was accrued revenues and expenses of the Water Fund for the periods on a consistent basis using data available and estimates considered reasonable. The Department believes that all adjustments necessary for a fair presentation have been made.

While the unaudited six-month comparative statements of operations for 1984, 1985 and 1986 show the net water sales for 1986 to be over \$_____ million more than 1984 and \$_____ million more than 1985, as of September 30, 1986, a comparison of the net water sales for 1986 to the same nine-month period of 1984 shows that 1986 net water sales are approximately \$_____ more than 1984 and \$_____ million more than 1985. The net water sales are affected by the water usage behavior of customers, water conservation programs and weather conditions during the period. The Department projects that the net water sales for 1986 will increase approximately \$_____ and \$_____ over the net water sales for 1984 and 1985, respectively, primarily due to the May, 1985 water rate increase and the addition of J.A.W.A. suburbs.

Collections and Delinquencies

Payment on both metered and nonmetered accounts is due 21 days from the date of the water bill. A 2-1/2% discount is allowed for any water bill that is paid before the 21st day. An account is considered delinquent if a water bill is not paid within such 21-day period.

The Department bills large industrial accounts and suburban accounts each month. The Department does not mail these metered accounts each month. The Department does not mail these metered accounts delinquency notices if such accounts are delinquent because of their short billing period. However, the Department will send a bill collector out to collect the balance due or to shut off the water service whenever an account is in arrears by \$1,000 or more.

The Department bills the metered commercial and metered City residential accounts once every two months. Delinquency notices are sent to these customers whenever their account becomes 14 days delinquent. These customers are subject to the Department's shutting off their water at any time when their account is in arrears by \$500 or more.

Nonmetered accounts are billed once every 6 months. Delinquency notices are sent to these customers whenever their account become 14 days, 35 days, and 56 days delinquent. In January, 1985 the Department instituted a program of retaining collection agencies to assist in the collection of past due nonmetered accounts with a balance in excess of \$99. These collection agencies will also assist in the collection of past due metered accounts in 1986.

Delinquent amounts due for water service charges which were billed but not paid as of December 31, 1985 were approximately \$_____. This amount is a cumulative amount. The Department is in the process of installing a computerized system for the aging of accounts receivable as well as instituting other improvements in the billing system. Legal assistance in the collection of delinquent metered and nonmetered accounts has been retained and designated as Special Assistant Corporation Counsel. A Certificate Program was also instituted during 1984 wherein any real estate property transaction requires a certificate from the Water Collection Division that the account has been paid in full.

Due to the concern for public safety, the Department makes every effort to collect delinquent accounts rather than shut their water service off. Pursuant to law, water services will not be shut-off during cold weather.

A reserve for estimated doubtful accounts is established by the Department based upon historical experience and cash collections. As of June 30, 1986 the allowance for doubtful accounts was \$_____.

The annual amounts of net water sales and cash collected from current and prior year's billings are included in the table below. During the period of six years ended December 31, 1985, total cash collected by the Department average ____% of aggregate net water sales.

Year	Net Water Sales	Cash Collected
1980	\$109,075,528	\$103,759,247
1981	141,671,355	129,053,457
1982	156,153,378	151,967,099
1983	156,675,058	154,224,731
1984	160,236,336	154,082,187
1985	-----	-----

An analysis of water accounts receivable (billed, unbilled and total) along with the cumulative allowance for doubtful water accounts receivable is as follows:

Billed water accounts receivable represents actual billings (including current and delinquent amounts); unbilled water accounts receivable represents amounts due for water consumed but not billed through December 31st of each year. The allowance for doubtful water accounts receivable represents the annual provision for doubtful accounts added to the previous year's allowance for doubtful water accounts receivable less any amounts that have been written off during the year. Each year the Department analyzes the year's experience with accounts receivable to determine the amount of the provision for doubtful accounts.

Projected Operations

In projecting the Department's operating results for the years 1986 through 1990, over 98% of the operating revenues of the Water System comes from the sales of water. Operating revenues from water sales were derived from metered and nonmetered accounts. Rates throughout the forecast period were assumed to be those currently in effect.

For the projected operating results, the number of nonmetered accounts used was 340,000. Forecasted income from nonmetered accounts was based on \$112.70 per account for the years 1986 through 1990.

It was assumed that water usage billed through meters in the City will remain relatively constant for the next several years and, therefore, that future operating revenues from such sales will also remain relatively constant.

The 1983, 1984 and 1985 data show that suburban usage is slightly less than their Lake Michigan allocations. Therefore, the forecasts of suburban pumpage are based upon slightly less than the allocation of the 94 suburbs currently served by the Water System. In 1986 the seven communities in the J.A.W.A became customers of the Water System. To be conservative, the forecasted pumpage of the 87 suburbs served in 1985 was increased by 25 M.G.D. (approximately 75% of the J.A.W.A. community allocations) to determine the total suburban pumpage for 1986.

It is anticipated that the Water System will pump 355,785 million gallons of water in 1986; 359,721 million gallons of water in 1987; 360,756 million gallons of water in 1988; 361,570 million gallons of water in 1989; and 362,379 million gallons of water in 1990. This forecast is based on the assumption that the demand for water by City customers will remain static and the demand by suburban customers will increase in proportion with each suburb's Lake Michigan allocation.

The Department's 1987 budget request for operation and maintenance funds is based upon an increase of ____% above 1986 expenditures. Operation and maintenance expenses through 1988 are based upon an annual increase at a compounded rate of ____%, with the exception of Provision for Doubtful Accounts for Water Sales, which was maintained at an annual level of \$6.1 million. Operation and maintenance expenses were projected to increase at the rates 7% and 8% in the years 1989 and 1990, respectively.

The following table projects on accrual basis the Water Fund's operating results, based on current rates, together with projected debt service requirements, after the issuance of the Bonds and after giving effect to the refunding described under "The Refunding Plan," for the five years ending December 31, 1991. The Department projects that all of its capital improvement requirements through 1988 will be funded from a combination of unencumbered amounts presently on deposit in the Construction Account, Water Fund surplus projected to be generated at current water rates, in fiscal years 1987 and 1988, and a deposit of approximately \$____ million to be made to the Construction Account: Series 1986 Bonds from proceeds of the Bonds. Debt service coverage in 1986, 1987 and 1988 based on current rates is projected to be 1.89, 1.57 and 1.12, respectively. Excluding investment income, in order to comply with the rate covenant contained in the Ordinance, the Department would be required to produce additional revenue of \$11,484,000 in 1989 and an

additional \$14,733,000 in 1990. These amounts would require a revenue increase of approximately 6% in 1989 and an additional revenue increase of approximately 8% in 1990.

The Department will have additional revenue requirements beginning in 1989 to fund the capital improvement requirements for 1989, 1990 of \$21,450,000 and \$22,090,000, respectively. The Department expects that such capital improvements will be funded from a combination of Water Fund surplus in those years (which includes investment income projected to be earned in those years) and the proceeds of future Parity Bond issues. If all such capital improvements were funded from Water Fund surplus, the Department would be required to produce additional revenue of \$11,892,000 in 1989 and an additional revenue of \$15,373,000 in 1990. These amounts would require a revenue increase of approximately 6% in 1989 and an additional approximately 7% in 1990; these increases would both insure compliance with the rate covenant and provide sufficient amounts to fund all of the projected capital improvements from 1989 through 1990 from Water Fund surplus. Potential sources of such additional revenue include water rate increases, addition of new customers and billing of currently exempt customers.

PROJECTED OPERATING RESULTS OF THE WATER SYSTEM
AT CURRENT WATER RATES(1)
1986 -- 1990

	Year Ending December 31				
	1986	1987	1988	1989	1990
REVENUES:					
Net water sales (2)					
Other Operating Revenue(3)					
Total operating revenue					
EXPENSES:					
Source of supply					
Power and pumping					
Purification					
Transmission					

and distribution

Provision for
doubtful
accounts--
water sales

Customer
accounting and
collection

Administration
and general

Central services
and general fund
reimbursement (4)

Total operating
expenses

Operating income
before depreciation

LESS

Debt Service Requirements:

Existing debt (5)

1985 Bonds (6)

Total

EQUALS

Excess
(deficiency)
of operating
income before
depreciation
over debt
service requirements

- (1) As described in the paragraphs preceding the table, the Department recognizes that additional revenue will be required during the forecast period.
- (2) The seven suburbs of the J.A.W.A. began to receive water in December 1985.
- (3) Primarily investment earnings on the Debt Service Reserve Account and the Rehabilitation and Improvement Reserve Account, assuming those funds are invested at 7% per year. See "Financial Operations -- Consolidated Cash".
- (4) Includes Water Fund reimbursements to the City for services provided by other City departments (e.g., police and fire protection), employee fringe benefits and self-insured risks. No payment in lieu of property tax is made.
- (5) Excludes post-1985 debt service on outstanding waterworks certificates of indebtedness and 1975 Water Revenue Bonds being refunded with a portion of the proceeds derived from the sale of the Bonds.
- (6) See "Outstanding Debt Annual Debt Service -- Annual Debt Service."

Comparison of Water Charges

Water charges are dependent upon the source of supply, the quality of water, the age of the system and policies regarding the charges to be included in water rates. For these reasons, a comparison of water rates between cities is not a valid indicator of efficiency. Nevertheless, as a practical matter, there is general interest as to what another city is charging. The following table shows where the City's rates are in relation to the 25 largest cities in the U. S. As column (a) of this table indicates the cost of water for the small user in the City is in the lower 20th percentile. Columns (b) and (c) indicate that for moderate and large users the cost of water is about the median (i.e., in half of the cities the costs are higher and in the other half they are lower) of the other 24 cities.

COMPARATIVE MONTHLY WATER BILLS OF 25 LARGEST U. S. CITIES

JANUARY 1, 1985 WATER CHARGES(1)

	(a) 1" Meter 1,200 CF \$/Month	(b) 1-1/2" Meter 10,000 CF \$/Month	(c) 3" Meter 100,000 CF \$/Month
Baltimore	7.32	49.25	327.75
Boston	9.16	76.30	763.00
Chicago(2)	6.92	57.70	577.00
Cleveland	4.12	36.42	366.72

	(a) 1" Meter 1,200 CF \$/Month	(b) 1-1/2" Meter 10,000 CF \$/Month	(c) 3" Meter 100,000 CF \$/Month
Columbus	10.43	82.47	687.77
Dallas	13.34	62.54	600.79
Denver	9.76	47.65	361.26
Detroit	6.23	40.50	380.51
Houston	5.05	73.88	812.93
Indianapolis(3)	18.00	100.05	734.05
Jacksonville	12.56	51.90	311.00
Los Angeles	10.23	75.42	707.70
Memphis	5.45	53.03	292.23
Milwaukee	10.48	61.33	552.20
New Orleans	16.78	105.51	982.77
New York	7.92	66.00	660.00
Phoenix	14.01	61.69	540.99
Philadelphia	14.74	82.73	751.63
San Antonio	9.00	46.66	422.68
San Diego	10.67	83.40	781.71
San Francisco	10.07	56.80	531.25
San Jose	16.43	92.34	857.34
Seattle	9.78	39.10	355.60
St. Louis(4)	7.09	47.67	330.33
Washington, D.C.	8.34	69.80	698.00

Note: CF = Cubic Feet

-
- (1) Source: Los Angeles Department of Water and Power report.
 - (2) Net water rate as adjusted to give effect to May, 1985 water rate increase.
 - (3) Investor-Owned.
 - (4) Investor-Owned.

CAPITAL IMPROVEMENTS PROGRAM.

The Water System's 1987 -- 1991 Capital Improvements Program (the "Capital Improvements Program") is estimated to cost \$_____, which amount has not been inflation-adjusted. The Department projects that all of its 1987 and 1988 Capital Improvements Program requirements will be funded from a combination of unencumbered amounts presently on deposit in the Department's existing construction account, Water Fund surplus projected to be generated in fiscal years 1987 and 1988 and a deposit of approximately \$_____ million to be made to the Construction Account: Series 1986 Bonds from the proceeds of the Bonds. The Department's Capital Improvements Program requirements after fiscal year 1988 are projected to be funded from a combination of future years' Water Fund surplus, which may require increased water rates, and the proceeds of future Parity Bond issues. As used herein, Water Fund surplus means Water Fund revenues remaining after payment of Operation and Maintenance Costs, debt service and payment to maintain all reserve funds or accounts of the Water Fund. For further information regarding the above, see "Financial Operations -- Projected Operations."

The Capital Improvements Program will include improvements to the following plants and facilities:

(a) South Water Filtration Plant

South Water Filtration Plant has a rated capacity of 720 MGD. The Plant was placed into service in 1944 with a rated capacity of 480 MGD. In 1966, the Plant was expanded by 50% which increased its rated capacity by 250 MGD. It serves the City south of 39th Street and 52 suburban communities.

The Capital Improvements Program will provide the necessary capital improvements to the Plan which will allow the continued quality of water to be provided to current customers and to meet future customer demand. These capital improvements are budgeted at a cost of \$_____. These capital improvements are intended to modernize the Plant and to bring the existing technology and equipment of the Plant up to the current state-of-the-art.

(b) Jardine Water Purification Plant

The Jardine Water Purification Plant is the largest purification plant in the world with a rated capacity of 1,440 MGD, has been in operation since 1964 and serves the City north of 39th Street and 35 suburban communities. A total of \$ _____ is budgeted for the capital improvement of this Plant. Since the Plant has been in continuous service for over 20 years, the program includes selective equipment replacement in order to maintain and improve its current state-of-the-art technology and equipment.

(c) Pumping Station Operation Division

There are five steam and six electric pumping stations in the Water System. The electric stations are currently being modified to enable their remote operation from a central control center.

Through 1991, \$ _____ if budgeted for the Pumping Station Operation Division. The steam pumping stations have been found to be inefficient in energy usage and man power allocation as compared to the electric pumping stations. The Department commissioned a study to determine the best method for providing an alternative power source for the stations and a more efficient allocation of personnel. The Department has initiated a conversion at one of the stations. It is expected that conversion programs will be undertaken at the other four steam pumping stations in the future.

(d) Water Distribution

The water distribution system consists of over 4,200 miles of water mains and 46,000 fire hydrants and valves. Its capital improvement budget is \$ _____.

(e) Meters

The budget includes \$ _____ for the purchase of new meters. This represents the effort to retire aged, obsolete metering facilities and insure accurate measurement of all water delivered through meters.

THE REFUNDING PLAN

A portion of the proceedings of the Bonds will provide for the refunding of the following outstanding Series 1983 Bonds (collectively, the "Refunded Bonds"):

Refunded Bonds	Principal Amount Outstanding	Final Maturity
Series 1983 Bonds		November 1, 2003

Pursuant to an Escrow Agreement, dated as of _____ 1, 1986 (the "Escrow Agreement"), between the City and American National Bank and Trust Company of Chicago, Chicago, Illinois (the "Escrow Trustee"), the City will irrevocably deposit in trust

with the Escrow Trustee direct obligations of the United States of America ("Government Obligations"), which will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that, when paid in accordance with their terms, together with any uninvested cash held by the Escrow Trustee, sufficient moneys will be available to make full and timely payment of the maturing principal of and redemption premium and interest on the Refunded Bonds to their earliest optional redemption date, which is November 1, 1993.

The mathematical calculations of the adequacy of the deposit in the Escrow Account to provide for the payment, upon their earliest redemption date, of the Refunded Bonds will be verified by Coopers & Lybrand, independent certified public accountants, at the time of delivery of the Bonds. The cash and Governmental Obligations deposited for the payment of the Refunded Bonds, including interest thereon, are pledged solely and irrevocably for the benefit of the holders of the Refunded Bonds.

ESTIMATED USE OF PROCEEDS

It is estimated that the proceeds of the sale of the Bonds (exclusive of accrued interest which shall be deposited in the Matured Water Bond and Interest Account) will be applied as follows:

Deposit to Escrow Account	\$-----
Deposit to Debt Service Reserve Account	-----
Deposit to Construction Account(1)	<u>-----</u>
TOTAL	<u>\$-----</u>

-
- (1) Including amounts for payment of municipal bond insurance premium, legal, printing, accounting, engineering and miscellaneous other expenses of issuance.

DESCRIPTION OF THE BONDS

General

As authorized by the Ordinance, the Bonds will be issued as serial and term bonds. The Bonds will be dated and bear interest from _____ 1, 1986 with interest payable on May 1 and November 1 of each year commencing May 1, 1987 at the rates per annum, and will mature in the principal amounts on November 1 in each year, as set forth on the Cover Page of this Official Statement. The Bonds are subject to redemption prior to maturity as provided below.

The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The principal of and premium, if any, on the Bonds are payable at the principal corporate trust office of American National Bank and Trust Company of Chicago, Chicago, Illinois. Interest on the Bonds will be paid to the registered owners thereof as shown on the bond register at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date by check or draft mailed by the Paying Agent to such registered owners.

Redemption

[to be provided]

Transfer and Exchange

As provided in the Ordinance and subject to certain limitations and payment of certain charges therein set forth, the Bonds are transferable or exchangeable at the principal corporate trust office of the Bond Registrar.

The Bonds may be deposited with the principal corporate trust office of _____ in New York, New York, or such other agent as the Bond Registrar may designate, for transmission to the Bond Registrar for purpose of exchange or transfer; any Bond so deposited will, under normal circumstances, be available for return within three (3) business days of deposit.

OUTSTANDING DEBT AND ANNUAL DEBT SERVICE

Outstanding Debt

The outstanding obligations of the City payable by their terms from the New Revenues of the Water System are set forth below. All of such obligations, except the Series 1983 Bonds, will be refunded with a portion of the proceeds derived from the sale of the Bonds. See "The Refunding Plan."

Certificates and Bonds	Date of Issue	Original Amount of Issue	Amount Outstanding As of 12/1/86
1983 Bonds(1)(2)	11/1/83	\$95,000,000	\$-----
1985 Bonds(3)	12/1/85	\$-----	\$-----

-
- (1) Final maturity date is November 1, 2003.
 - (2) Provision for payment of principal, redemption premium and interest when due is to be made on the portion of the 1983 Bonds by deposits in an irrevocable, trustee escrow account to be funded from a portion of Bond proceeds.
 - (3) Final maturity date is November 1, 1995.

Annual Debt Service

The debt service of the Water System on a cash basis, after the issuance of the Bonds and after giving effect to the refunding referred to above, is shown below:

LITIGATION

[To be updated]

The City is a defendant in a lawsuit filed by 52 suburban municipalities, caption *Village of Niles, et al v. City of Chicago*, which alleges that the city's water rates are arbitrary, unreasonable and discriminatory as applied to them. The amended complaint was dismissed by the Circuit Court of Cook County on the basis of law only. The Illinois Appellate Court reversed and remanded the case to the Circuit Court and ordered a full trial on the merits. The amended complaint and a supplemental complaint filed March 6, 1981 seek, *inter alia*, an injunction preventing the City from collecting allegedly discriminatory water rates and an accounting of \$60 million in allegedly discriminatory water rates collected from plaintiffs during the years 1974 through 1980 and any similar amounts collected thereafter. The City has filed an answer to the amended and supplemental complaints. On April 27, 1981, the Circuit Court denied the plaintiffs' request to certify the lawsuit as a class action on behalf of all municipalities within the Metropolitan Sanitary District of Greater Chicago receiving water from Lake Michigan through the City's water system. After an evidentiary hearing, the Court, on April 29, 1981, also denied the plaintiffs' petition for a preliminary injunction to prevent the City from collecting increased water rates from the plaintiffs. The trial on the merits of the

plaintiffs' claims began on January 21, 1985 and has been continuing intermittently since then. The plaintiffs renewed their motion for certification of a class at the start of the trial, but the court again denied the motion. However, their expert has claimed that a class of all suburban municipalities was overcharged between \$93 million and \$167 million during the years 1973 through 1982, depending on the method of calculation. On April 1, 1985, plaintiffs petitioned the Court to enter a preliminary injunction preventing the City from collecting from them increased water charges pursuant to an 11% rate increase scheduled to go into effect on May 1, 1985. After briefing and oral argument, the Court denied the petition on April 29, 1985. The City believes that the water rates being charged the plaintiffs are fair and nondiscriminatory and intends to contest vigorously the plaintiffs' claims. In the opinion of the Corporation Counsel, the City has substantial defenses to the claims presented.

The City is a defendant in a lawsuit filed in the Circuit Court of Cook County in 1982, captioned *Wilder v. City of Chicago*. This is a class action brought by a non-metered water user claiming that she overpaid because the City incorrectly calculated her water bill and that the City does not charge non-metered water users only for actual water used. Most of the single family homes and two flats in the City do not have water meters (approximately 350,000 accounts out of a total of 500,000 accounts). Plaintiff does not challenge the water rate itself. The case is in the very preliminary stages of discovery. No motion for class certification has been filed. The City believes that the water rates being charged the plaintiff are fair and nondiscriminatory and intends to contest vigorously the plaintiff's claims. In the opinion of the Corporation Counsel, the City has substantial defenses to the claims presented.

The City is a defendant in a lawsuit filed in the Circuit Court of Cook County in 1984, Captioned *Bobrowicz v. City of Chicago*. This is a class action suit filed on behalf of persons in unincorporated areas who purchase City water from municipalities and certain railroads, who in turn purchase their water from the City. Past water contracts with these municipalities and railroads required a 50% surcharge added to water bills for consumers in the unincorporated areas and that the surcharge be rebated to the City. The surcharge total for the past five (5) years is approximately \$1,400,000 of which \$450,000 was remitted from the railroads and their customers. The class as set forth by the plaintiffs has been certified by the Court. A court approved notice has been sent to all affected municipalities and entities requesting information as to surcharge amounts collected and remitted and time periods involved. The City has entered into preliminary discussions concerning possible settlement of this action. A petition to intervene on behalf of various municipalities who are plaintiffs in the *Village of Niles, et al.* case has been filed. They seek to intervene as plaintiffs. The petition is set for hearing on January 9, 1986.

The City is a defendant in a lawsuit filed in the Circuit Court of Cook County in 1984, captioned *Fitzpatrick v. City of Chicago*. In this suit, the plaintiff is seeking a court order requiring the City to transfer the proceeds of the sale of the Rookery Building (\$15,000,000) from the General Corporate Fund to the Water Fund. The City has filed a motion for summary judgment and a memorandum in support thereof. The Court has set the motion for hearing on December 13, 1985. In the opinion of the Corporation Counsel, the City has substantial defenses to the claims presented.

The Water Fund has certain contingent liabilities resulting from litigation, claims and commitments incident to the ordinary course of business. In the opinion of the Corporation Counsel it is expected that final resolution of such contingencies will not materially affect the financial position or results of operation of the Water Fund.

FINANCIAL STATEMENTS

The financial statements included as Appendix A to this Official Statement have been incorporated in this Official Statement in reliance upon the report of Coopers & Lybrand, independent certified accountants, appearing therein and upon the authority of said firm as experts in accounting and auditing.

ENGINEERING

The Department has retained Alvord, Burdick & Howson, consulting engineers, to develop several reports and studies relating to the Water System and certain financial matters.

BONDS AS LEGAL INVESTMENTS

The Bonds constitute legal investments in the State of Illinois for state banks and insurance companies. The Bonds also constitute legal investments for trustees if the applicable prudent investor standard is met and for state funds if such investment is approved by the Governor.

TAX EXEMPTION

In the opinion of Isham, Lincoln & Beale, Chicago, Illinois, and _____, Chicago, Illinois, Co-Bond Counsel, under existing laws, rules, regulations and interpretation, interest on the Bonds is exempt from Federal income taxes. The interest on the Bonds is not exempt from present State of Illinois income taxes.

[More to be provided.]

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Isham, Lincoln & Beale, Chicago, Illinois, and _____, Chicago, Illinois, Co-Bond Counsel. Isham, Lincoln & Beale currently serves as general

counsel and bond counsel to the Northwest Suburban Municipal Joint Action Water Agency. The proposed form of their opinions is included herein as Exhibit A. Certain legal matters will be passed upon for the City by its Corporation Counsel and for the Underwriters by their co-counsel, _____, Chicago, Illinois, and _____, Chicago, Illinois.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City at a price of \$_____, an amount which is \$_____ less than the initial public offering prices set forth on the cover page of this Official Statement, plus accrued interest. The Bonds may be offered and sold by the Underwriters to certain dealers at prices lower than the initial public offering prices set forth on the cover page of this Official Statement and the public offering prices may be changed from time to time.

RATINGS

[To be provided.]

OTHER MATTERS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations of the registered owners thereof. Such documents may be examined, or copies thereof will be furnished, upon request to the City Comptroller.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the registered owners of the Bonds.

CITY OF CHICAGO

Ronald D. Picur
Comptroller

EXHIBIT D
[FORM OF ESCROW AGREEMENT]
1986 ESCROW AGREEMENT.

This Escrow Agreement, dated October 16, 1986, is by and between the City of Chicago Cook and DuPage Counties, Illinois (the "City") and _____, Chicago, Illinois, as Escrow Trustee under this 1986 Escrow Agreement (the "Escrow Trustee").

1. Preliminary.

(a) The City at present has outstanding \$_____ principal amount of Water Revenue Bonds, Series 1983 (the "Series 1983 Bonds"), authorized by an ordinance passed by the City Council of the City on November 9, 1983 authorizing the issuance of the Series 1983 Bonds (the "Series 1983 Bond Ordinance").

(b) Certain of the Series 1983 Bonds comprise the "Refunded Bonds" as more fully described in this 1986 Escrow Agreement.

(c) A portion of the proceeds of the City's Water Revenue Bonds, Refunding and Improvement Series 1986 (the "Series 1986 Bonds"), together with interest and other investment earnings on the proceeds of the Series 1986 Bonds, will be used to pay the principal of and premium and interest on the Refunded Bonds. The Refunded Bonds consist of the following Series 1983 Bonds:

Maturity (November 1)	Principal Amount	Interest Rate
2003	\$	%

(d) The Refunded Bonds are payable as to interest on each May 1 and November 1, to and including their date of maturity or earlier redemption. The Refunded Bonds which mature on November 1, 2003 are subject to redemption on November 1, 1993, at a premium of 103% of their principal amount, plus accrued interest. Principal of and premium and interest on the Refunded Bonds are payable at the offices of the Trustee and any other Paying Agent.

(f) As more fully described in this 1986 Escrow Agreement, the City has determined to provide for the refunding of the Refunded Bonds by depositing with the Escrow Trustee

an amount sufficient to provide for paying the principal of and premium due on the Refunded Bonds on November 1, 1993; and for paying interest on the Refunded Bonds as such amounts come due on and after November 1, 1986 and on and prior to November 1, 1993.

2. Creation of Escrow Account.

There is created and established with the Escrow Trustee and escrow account designated City of Chicago Escrow Account # _____ (the "1986 Escrow Account"), to be held in the custody of the Escrow Trustee. The Escrow Account shall be held as a trust fund for the benefit of the holders of the Refunded Bonds, separate and apart from other funds of the City, the Trustee or the Escrow Trustee, all as provided in this Escrow Agreement.

3. Deposits in and Transfers from Escrow Account.

(a) Concurrently with the execution and delivery of this 1986 Escrow Agreement, the City is depositing with the Escrow Trustee, for deposit in the 1986 Escrow Account, the amount of \$ _____ (the "Escrow Deposit"). Of this aggregate amount, the Escrow Trustee is to (i) apply the amount of \$ _____ to purchase the investment obligations listed in Schedule 1 to this 1986 Escrow Agreement (the "Investment Obligations") and (ii) hold the remaining \$ _____ as an initial cash balance (the "Initial Cash"). The Escrow Deposit is derived from amounts received by it upon the sale of the Series 1986 Bonds, issued pursuant to the ordinance passed by the City Council of the City on _____, 1986 authorizing the issuance of the Series 1986 Bonds (the "Series 1986 Bond Ordinance").

(b) All of the Investment Obligations are United States Treasury Securities, which are non-callable, direct, full faith and credit obligations of the United States of America. Except as provided in Section 10(a) of this 1986 Escrow Agreement, there shall be no right of the City or the Escrow Trustee to substitute any obligation for the Investment Obligations. The principal of and interest on the Investment Obligations when due, together with the Initial Cash, will be sufficient, without any reinvestment, to pay principal of and the premium and interest on the Refunded Bonds as those amounts come due on and after November 1, 1986 and on and prior to November 1, 1993. The Escrow Trustee acknowledges receipt of the Escrow Deposit from the City and confirms the acquisition and deposit in the Escrow Account of the Investment Obligations and the Initial Cash.

(c) Receipt is also acknowledged by the Trustee of irrevocable instructions from the City (a) to provide the notice required by the Series 1983 Bond Ordinance of the redemption on November 1, 1993 of the Refunded Bonds and (b) to provide the notice required by that Ordinance of the defeasance of the Refunded Bonds, such notice to be substantially in the form set forth in the attached Schedules 2A and 2B, respectively.

(d) The deposit into the 1986 Escrow Account of the Investment Obligations and the Initial Cash constitutes an irrevocable deposit for the benefit of the holders of the Refunded Bonds with respect to amounts allocated to the 1986 Escrow Account, subject to Section 5 of this 1986 Escrow Agreement. Those Investment Obligations and that Initial Cash, together with any interest or other investment earnings on the 1986 Escrow Account, while

on deposit in the 1986 Escrow Account, shall be held in escrow and shall be applied to the payment of the Redemption Price of and interest on the Refunded Bonds as follows:

(i) On each interest payment date for the Refunded Bonds on and after November 1, 1986, and on and prior to November 1, 1993, the Escrow Trustee shall pay from the 1986 Escrow Account to the Paying Agent as provided for in the Series 1983 Bond Ordinance an amount equal to the interest on the Refunded Bonds which is payable on that interest payment date; and

(ii) On November 1, 1993, the Escrow Trustee shall pay from the 1986 Escrow Account to the Paying Agent an amount equal to the principal of and premium due on the Refunded Bonds.

(e) Upon all amounts being applied as required to the payment of the principal of and premium and interest on Refunded Bonds through and including November 1, 1993, any remaining amounts in the 1986 Escrow Account shall be paid by the Escrow Trustee to the City for deposit in its Water Fund.

4. Acknowledgment; Payment of the Refunded Bonds.

Based on the Attached verification report of _____, the Escrow Trustee acknowledges that it holds in the 1986 Escrow Account Investment Obligations, the principal of and interest on which when due, together with the Initial Cash, will be sufficient, without any reinvestment, to pay the principal of and premium and interest on the Refunded Bonds, which are to be paid from the 1986 Escrow Account as more fully described in Section 3(d) of this Escrow Agreement.

5. Payment of Excess Funds to City.

If the Escrow Trustee shall hold in the 1986 Escrow Account amounts which are sufficient, without any reinvestment of the Initial Cash and the maturing principal of and interest on the Investment Obligations, to pay the principal of and premium and interest on the Refunded Bonds which is to be paid from the 1986 Escrow Account, as more fully described in Section 3(d) of this 1986 Escrow Agreement, any amounts in excess of those amounts shall be paid by the Escrow Trustee to the City for deposit in its Water Fund. No such payment shall be made unless the Escrow Trustee shall have received (i) a certificate from an independent certified public accountant, selected by the City, to the effect that the Initial Cash and the maturing principal of and interest on the Investment Obligations to remain in the 1986 Escrow Account will be sufficient, without any reinvestment, to pay the principal of and premium and interest on the Refunded Bonds which is to be paid from the 1986 Escrow Account, as more fully described in Section 3(d) of this 1986 Escrow Agreement; and (ii) an opinion of nationally recognized bond counsel, selected by the City and acceptable to the Escrow Trustee, to the effect that (a) the payment of such excess amounts to the City for deposit to its Water Fund will not cause the interest on any Bonds of the City to become subject to federal income taxation and (b) provision for the payment of the Refunded Bonds shall continue to have been made within the meaning of the Series 1983 Bond Ordinance.

6. Acceptance by Escrow Trustee; Investment of Cash Balances; Ability to Cure Deficiencies.

By this 1986 Escrow Agreement the Escrow Trustee establishes the 1986 Escrow Account, accepts the Escrow Deposit and agrees to apply the Escrow Deposit consisting of the Initial Cash and the principal of and interest on Investment Obligations in accordance with the provisions of this 1986 Escrow Agreement and the provisions of the Series 1983 Bond Ordinance. The Escrow Trustee shall to the extent practicable invest cash balances on hand from time to time in the 1986 Escrow Account in United States Treasury Securities -- State and Local Government Series, or other direct, full faith and credit obligations of the United States of America, with a yield (computed in accordance with the actuarial method of computing yield and based on the initial public offering price of the Series 1986 Bonds and without taking into account the costs of issuance of the Series 1986 Bonds) of 0% and maturing so as to be available when required to pay when due the principal of and premium and interest on the Refunded Bonds, which are to be paid from the 1986 Escrow Account as more fully described in Section 3(d) of this 1986 Escrow Agreement. To the extent it is not practicable so to invest cash balances, the Escrow Trustee shall not, in any manner, invest such cash balances on hand from time to time in the 1986 Escrow Account. Should, at any time, there not be sufficient amounts on deposit in the 1986 Escrow Account to pay either the principal of or premium and interest coming due on the Refunded Bonds, which are to be paid from the 1986 Escrow Account as more fully described in Section 3(d) of this 1986 Escrow Agreement, the City shall deposit with the Escrow Trustee an amount sufficient to cure such deficiency and prevent any default with respect to such payment of the Refunded Bonds.

7. Liabilities of City and Escrow Trustee.

The City assumes liability for, and agrees (whether or not any of the transactions contemplated by this 1986 Escrow Agreement are consummated) to indemnify, protect, save and keep harmless the Escrow Trustee and its respective successors, assigns, agents and servants from and against, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Trustee (whether or not also indemnified against by the Agency or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this 1986 Escrow Agreement, the establishment of the 1986 Escrow Account, the acceptance of the Escrow Deposit, the purchase of the Investment Obligations, the deposit of the Initial Cash in the 1986 Escrow Account, the purchase, sale or retention of the Investment Obligations or the proceeds of the Investment Obligations or any payment, transfer or other application of money or securities by the Escrow Trustee in accordance with the provisions of this 1986 Escrow Agreement; provided, however, that the City shall not be required to indemnify the Escrow Trustee against its own gross negligence or willful misconduct. In no event shall the City be liable to any person by reason of the transactions contemplated by this 1986 Escrow Agreement other than to the Escrow Trustee as set forth in this Section. The indemnities contained in this Section shall survive the termination of this 1986 Escrow Agreement.

The Escrow Trustee and its respective successors, assigns, agents and servants shall not be held to any personal liability whatever, in tort, contract or otherwise, in connection

with the execution and delivery of this 1986 Escrow Agreement, the establishment of the 1986 Escrow Account, the purchase of the Investment Obligations and deposit of the Initial Cash in the 1986 Escrow Account, the sale, purchase or retention of securities or investments or the proceeds of those securities or any payment, transfer or other application of money or securities by the Escrow Trustee in accordance with the provisions of this 1986 Escrow Agreement or by reason of any act, omission or error of the Escrow Trustee made in good faith in the conduct of its duties.

8. Fees and Expenses of Escrow Trustee.

The Escrow Trustee agrees that it shall have no claim against or lien upon any money or investments in the 1986 Escrow Account for payment of its fees or expenses or for payment of any amounts owed to it by the City under this 1986 Escrow Agreement (including, without limitation, under Section 7 or Section 10 of this 1986 Escrow Agreement) or otherwise. In the event the Escrow Trustee incurs extraordinary expenses for attorneys fees and expenses for which it is indemnified pursuant to Section 7 of this 1986 Escrow Agreement, the City shall, as soon as practicable, make adequate provision for such expenses in its annual budget.

9. Annual Reports.

On or about May 15th in each year, commencing May 15, 1987 and ending May 15, 1993, the Escrow Trustee shall submit to the City a report covering all money it shall have received and all payments it shall have made or caused to be made under this 1986 Escrow Agreement during the preceding twelve months. Such report shall also list all obligations held in the 1986 Escrow Account and the amount of money contained in it as of the May 2 preceding the date of the report. The May 15, 1993 report shall set forth the amounts transferred by the Escrow Trustee to the City for deposit in its Water Fund, as provided in Section 3 of this 1986 Escrow Agreement.

10. Defeasance of the Bonds to be Redeemed; Other Subsequent Action.

This 1986 Escrow Agreement may be amended or supplemented, the Investment Obligations or any portion of them may be sold or redeemed, or invested or reinvested in any manner provided in this Escrow Agreement (and such amendment, supplement, direction to sell or redeem, or invest or reinvest to be referred to as a "Subsequent Action"), upon submission to the Escrow Trustee of each of the following:

(1) a direction of the City authorizing the Subsequent Action, signed by an Authorized Officer;

(2) an opinion of nationally recognized bond counsel, selected by the City and acceptable to the Escrow Trustee, to the effect that the Subsequent Action (i) will not cause the interest on the Series 1986 Bonds or the Series 1983 Bonds, to become not excluded from "gross income" for Federal income tax purposes; (ii) will not violate the covenants in the Series 1986 Bond Ordinance or the Series 1983 Bond Ordinance not to cause the Series 1986 Bonds or the Series 1985 Bonds to become "arbitrage bonds" under Section 103(c) of the Internal Revenue Code of 1986, as it shall have been amended and the Treasury Regulations under that Code; (iii) does not materially adversely affect the legal rights of

the holders of the Series 1986 Bonds or the Refunded Bonds; and (iv) will not have the effect of causing any Refunded Bonds which had been defeased not to be defeased under the provisions of the Series 1983 Bond Ordinance; and

(3) an opinion of a firm of independent certified public accountants, selected by the city and acceptable to the Escrow Trustee, to the effect that the Investment Obligations and money available or to be available for payment of the Refunded Bonds will, after the taking of the Subsequent Action, and without consideration of any reinvestment, remain sufficient to pay the principal of and premium and interest on the Refunded Bonds, to be paid from the Escrow Account as more fully described in Section 3(d) of this 1986 Escrow Agreement.

(b) All of the rights, powers, duties and obligations of the Escrow Trustee under this 1986 Escrow Agreement shall not be subject to amendment by the Escrow Trustee and shall be binding on any successor to the Escrow Trustee during the term of this 1986 Escrow Agreement.

(c) All of the rights, powers, duties and obligations of the City under this 1986 Escrow Agreement shall not be subject to amendment by the City and shall be binding on any successor to the City during the term of this 1986 Escrow Agreement.

11. Receipt by Escrow Trustee of Resolutions.

Receipt of a true and correct copy of each of the Series 1983 Bond Ordinance and the Series 1986 Bond Ordinance is acknowledged by the Escrow Trustee.

12. Termination.

This 1986 Escrow Agreement shall terminate when the Escrow Trustee shall have paid all funds from the 1986 Escrow Account in accordance with Section 3 of this 1986 Escrow Agreement.

The City and the Escrow Trustee have each caused this 1986 Escrow Agreement to be executed by its duly authorized officer as of its date.

CITY OF CHICAGO

By _____
Title:

By _____
Title:

11/24/86

UNFINISHED BUSINESS

37461

*Schedule 1 -- List Of
Investment Obligations*

Description of United States Treasury Notes

Principal Amount	Maturity	Interest Rate	First Interest Payment Date

Description of United States Treasury
Securities -- State and Local Government Series.

Principal Amount	Maturity	Interest Rate	First Interest Payment Date

Schedule 2A

Schedule 2B

ISSUANCE OF \$70,000,000 IN NORTH LOOP ALLOCATION BONDS,
SERIES 1986, AUTHORIZED.

On motion of Alderman Evans, the City Council took up for consideration the report of the Committee on Finance deferred and published in the Journal of the Proceedings of November 13, 1986, recommending that the City Council pass a proposed ordinance authorizing the issuance of \$70,000,000 in North Loop Allocation Bonds, Series 1986.

Alderman Santiago introduced the following amendment to the said proposed ordinance.

"I hereby move to amend the ordinance authorizing the issuance of North Loop Tax Allocation Bonds by adding the following italic language and deleting the bracketed language as follows:

Section 16. The purchasing agent shall establish a goal of awarding not less than seventeen percent (17%) of the total dollar value of contracts funded by the proceeds of this bond issue to qualified Hispanic-owned businesses, regardless of race.

In order to achieve the goal stated in this Section, the Purchasing Agent of the City of Chicago shall undertake the following:

(a) Insert within specifications for each contract for construction of any building, bridge, roadway or other structure a requirement that a bidder commit to the expenditure of seventeen percent (17%) of the dollar value of the contract (including any modifications) with one or more Hispanic-owned businesses. This commitment may be met by the bidder's status as a Hispanic-owned business or by joint venture with one or more Hispanic-owned businesses, or by subcontracting a portion of the work to one or more Hispanic-owned businesses, or by purchase of materials for the work from one or more Hispanic-owned businesses, or by any combination of the foregoing.

(b) Insert within specifications for all other contracts awarded by competitive bidding requirement that a bidder commit to expenditure of seventeen (17%) of the dollar value of the contract (including any modifications thereof) with one or more Hispanic-owned businesses. This commitment may be met by the bidder's status as a Hispanic-owned businesses or by joint venture with one or more qualified Hispanic-owned businesses as a prime contractor, or by subcontracting of a portion of the work to one or more Hispanic-owned businesses or by purchase of materials from one or more Hispanic-owned businesses or by any combination of the foregoing.

(c) Negotiate with any contractor whose contract is not awarded by competitive bidding a commitment to Hispanic-owned businesses participation of at least seventeen percent (17%) of the dollar value of the contract (including any modifications).

The provisions of Executive Order 85-2, Section 3(e) are expressly incorporated herein to enable the Purchasing Agent to monitor and enforce the goal stated in this Section.

If, in the course of preparing specifications for a contract, the Purchasing Agent determines that it is impossible to obtain qualified Hispanic-owned businesses to perform

sufficient work to fulfill the commitment stated in this Section or that it is impossible to obtain qualified Hispanic-owned businesses to perform any of the work or supply any product or service required under the contract, the Purchasing Agent may reduce or waive the commitment to Hispanic-owned participation in the contract, as may be appropriate.

[Section 16.] Section 17. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

This Ordinance shall be published by the City Clerk, by causing to be printed in pamphlet form at least 100 copies hereof, which copies are to be made available in his office for public inspection and distribution to members of the public who may wish to avail themselves of a copy of this Ordinance, and this Ordinance shall be in full force and effect from and after its adoption, approval by the Mayor and publication as provided by law.

Alderman Evans moved to *Refer* the foregoing proposed amendment to the Committee on Finance. The motion *Prevailed* by yeas and nays as follows:

Yeas -- Aldermen Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Volini, Orr -- 25.

Nays -- Aldermen Roti, Huels, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, Hansen, McLaughlin, Orbach -- 20.

Thereupon, on motion of Alderman Evans, the said proposed ordinance was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Majerczyk, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Frost, Giles, Natarus, Oberman, Hansen, Orbach, Volini, Orr -- 29.

Nays -- Aldermen Huels, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Hagopian, Gabinski, Mell, Kotlarz, Banks, Cullerton, O'Connor, Pucinski, McLaughlin, Schulter -- 16.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, The City of Chicago, Illinois (the "City"), by ordinances adopted the 20th day of June, 1984, has heretofore approved a redevelopment plan and project (the "Plan" and "Project"), designated a redevelopment project area known as the North Loop Tax Increment Redevelopment Project Area (the "Area") and adopted tax increment allocation financing for the Area, all in accordance with the provisions of the Tax Increment Allocation Redevelopment Act, as supplemented and amended (the "Act"); and

WHEREAS, The City has determined that it is advisable and necessary at this time to borrow the sum necessary for the purposes of paying certain redevelopment project costs for the Project (the "Redevelopment Project Costs") as set forth in the Plan, including capitalizing certain interest on the North Loop Tax Increment Bonds, Series 1986 (the "Bonds") herein authorized and paying the expenses of issuing the Bonds herein authorized, and in evidence thereof to issue such Bonds, such borrowing being for a proper public purpose and in the public interest, and the City, by virtue of its constitutional home rule powers and all laws applicable thereto and by virtue of the Act, has the power to issue such Bonds; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The City Council, after a public hearing heretofore held on this ordinance by the Committee on Finance of the City Council, pursuant to proper notice having been given thereof, and in accordance with the findings and recommendations of such Committee, hereby finds that all of the recitals contained in the preambles to this ordinance are full, true and correct and does incorporate them into this ordinance by this reference.

SECTION 2. The proceeds from the sale of the Bonds shall be used for paying the Redevelopment Project Costs, including paying all or a portion of the interest coming due on the Bonds through December 31, 1990, and certain costs of issuance of the Bonds, including but not limited to, costs incurred pursuant to the authorizations contained in Sections 3 to 5, inclusive, hereof.

SECTION 3. For the purpose of providing the funds required to pay the principal of and interest on the Bonds, the City is hereby authorized to pledge, grant or convey each and any of the following to the Trustee (as hereinafter defined), for the benefit of the Bondholders, and to the bank or banks obligated under any letter of credit or credit facility securing the Bonds:

1. A first security interest in the bond proceeds, until spent for the project or to pay interest on the Bonds during construction.

2. A first security interest in current and future Revenues (as defined in the hereinafter defined Indenture) on deposit in the North Loop Tax Increment Redevelopment Project Area Special Tax Allocation Fund heretofore created by the City and expressly continued under the Indenture. To the extent required by Illinois law, moneys on deposit in said Fund and not required for payment and securing of the Bonds and redevelopment project costs shall be calculated annually and deemed to be "surplus funds" and shall be distributed pursuant to the Act.

3. As provided in the Credit Agreement (as hereinafter defined), an assignment of the developer's letter of credit given to the City in connection with the purchase of a portion of that certain realty located in the Area and commonly known as Block 37. The City further covenants and agrees that any proceeds derived from a draw on the letter of credit will be subject to a security interest in favor of the Bank (as hereinafter defined) and the Trustee.

4. A first mortgage on that certain realty located in the Area and commonly known as Block 17, as provided in the Bank Bond Purchase Agreement and Application for Standby Letter of Credit dated as of December 1, 1986 (the "Credit Agreement"), by and between the City and the First National Bank of Chicago, Chicago, Illinois (the "Bank"). The City further covenants and agrees that unless the City Comptroller shall certify to the Bank on or before December 1, 1990, that funds in an amount not to exceed the aggregate principal amount of \$11,100,000 have been deposited as required under said Credit Agreement to be deposited upon the conveyance by the City of said Block 17, then the City Comptroller and the City Treasurer shall, and the same are hereby directed to, make such deposits in accordance with said Credit Agreement from any other moneys, revenues, receipts, income, assets or funds of the City that are legally available for such purpose. This Ordinance constitutes a covenant to appropriate such amounts. The payment obligation of the City incorporated in this subparagraph shall be an unlimited general obligation supported by the full faith and credit of the City. The City covenants that it will take any and all necessary action to make the payment required hereby and generate the cash necessary therefor. Mandamus and other appropriate equitable remedies shall be available for the enforcement of the covenants contained herein.

5. A first security interest in the proceeds available from the sale of that certain realty located in the Area and commonly known as Blocks 16 and 17, as provided in the Credit Agreement.

6. A first mortgage on the Selwyn and Harris Theaters or similar North Loop property, as provided in the Credit Agreement.

7. A first security interest in all earning on moneys in the various funds pledged to secure the Bonds (except those amounts subject to rebate to the Internal Revenue Service in accordance with the Internal Revenue Code of 1986 and regulations promulgated thereunder) and on deposit as provided in the Credit Agreement.

SECTION 4. The Bonds shall be sold and delivered subject to the terms and conditions of a contract of purchase (the "Contract of Purchase") between the City and The First Boston Corporation, Grigsby, Brandford & Co., Inc., Paine Webber, Incorporated and Shearson Lehman Brothers, Inc., (the "Underwriter"). The Bonds shall be initially sold by the City Comptroller with concurrence of the Chairman or Vice-Chairman of the Committee on Finance or of the Chairman of the Committee on the Budget of the City Council.

SECTION 5. The Bonds shall be issued in an aggregate principal amount not to exceed \$70,000,000 and in the forms and denominations set forth in the Indenture of Trust dated as of December 1, 1986 (the "Indenture") between the City and a trustee to be selected (the "Trustee"); shall be executed by the manual or duly authorized facsimile signature of the

Mayor and the City Clerk as provided in the Indenture; shall be dated, except as otherwise provided in the Indenture, the date of initial issuance and delivery; shall be numbered as provided in the Indenture; shall mature at such time or times not to exceed twenty years from the date of issuance thereof, and in any event on or before June 20, 2007 as provided in the Indenture; shall bear interest at the rate of not to exceed fifteen percent (15%) per annum, except for Bank Bonds (as defined in the Indenture), which shall bear interest at the Bank Rate (as defined in the Indenture); shall be subject to redemption by the City prior to maturity upon the terms and conditions set forth in the Indenture and the Credit Agreement; and shall be subject to such other terms, conditions and provisions as shall be set forth in the Indenture and the Credit Agreement. The official seal of the City shall be impressed or a facsimile of such seal shall be imprinted on the Bonds.

SECTION 6. The Indenture is hereby approved in substantially the form submitted to this meeting, and the Comptroller is hereby authorized and directed to execute, acknowledge and deliver the Indenture with such changes therein as shall be approved by the parties executing the same. Such approval of any such changes to the Indenture shall be conclusively established by the execution of the Indenture by the City and the Trustee.

SECTION 7. In connection with the offering and sale of the Bonds, there shall be prepared an official statement of the City. The Preliminary Official Statement of the City dated November ____, 1986 (the "Preliminary Official Statement") is hereby approved in substantially the form submitted to this meeting. The Mayor and the City Comptroller are authorized to execute and deliver a final official statement (the "Final Official Statement") in substantially the form of the Preliminary Official Statement submitted to this meeting with such changes therein as shall be approved by the City. Such approval of any such changes to the Preliminary Official Statement shall be conclusively established by the execution of the Final Official Statement by the City Comptroller. The use of the Preliminary Official Statement and the Final Official Statement by the Underwriter in connection with offering and sale of the Bonds is hereby approved.

SECTION 8. In connection with the remarketing of the Bonds, which have been tendered for purchase pursuant to the terms of the Indenture, there shall be executed and delivered a remarketing agreement dated as of December 1, 1986 (the "Remarketing Agreement") between the City and The First Boston Corporation, as Remarketing Agent (the "Remarketing Agent"). The Remarketing Agreement is hereby approved in substantially the form submitted to this meeting, and the Comptroller is hereby authorized and directed to execute, acknowledge and deliver the Remarketing Agreement with such changes therein as shall be approved by the parties executing the same. Such approval of any such changes to the Remarketing Agreement shall be conclusively established by the execution of the Remarketing Agreement by the City and the Remarketing Agent.

SECTION 9. To provide for the payment of the principal of and interest on the Bonds under certain conditions and to provide for the payment of the purchase price of Bonds tendered pursuant to the provisions of the Indenture, there shall be executed and delivered the Credit Agreement. The Credit Agreement is hereby approved in substantially the form submitted to this meeting, and the Comptroller is hereby authorized and directed to execute, acknowledge and deliver the Credit Agreement with such changes therein as shall be approved by the parties executing the same. Such approval of any such changes to the

Credit Agreement shall be conclusively established by the execution of the Credit Agreement by the City and the Bank.

SECTION 10. The Mayor, City Clerk and Comptroller are hereby empowered and directed to execute and deliver the Bonds and all documents and other instruments which may be required under terms of the Indenture, the Credit Agreement, the Remarketing Agreement, and this Ordinance, including an arbitrage regulation agreement between the City and the Trustee.

SECTION 11. The City covenants that it will take no action in the investment of the proceeds of the Bonds which would result in making the interest payable on any of the Bonds subject to federal income taxes by reason of the Bonds being classified as "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986.

SECTION 12. This Ordinance is adopted pursuant to the Act and in accordance with the powers of the City as a home rule unit under Article VII of the 1970 Illinois Constitution. The appropriate officers of the City are hereby authorized to take such actions and do such things as shall be necessary to perform, carry out, give effect to and consummate the transactions contemplated by this Ordinance and the Bonds.

SECTION 13. The Mayor and the City Comptroller may each designate another to act as their respective proxy and to affix their respective signatures to the Bonds whether in temporary or definitive form, and any other instrument, certificate or document required to be signed by the Mayor or the City Comptroller pursuant to this Ordinance and any instrument, certificate or document required thereby. In such case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor and the City Comptroller, respectively. A written signature of the Mayor or of the City Comptroller, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with the signatures attached, shall be recorded in the Journal of the Proceedings of the City Council and filed with the City Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of the City Comptroller is so affixed to an instrument, certificate or document at the direction of the City Comptroller, the same, in all respects, shall be binding on the City as if signed by the City Comptroller in person.

SECTION 14. If requested by a bond registrar, paying agent or trustee in connection with the Bonds, the Mayor, City Comptroller and City Clerk are authorized to execute the standard form of agreement between the City and such bond registrar, paying agent or trustee with respect to the obligations and duties thereof.

SECTION 15. Subsequent to the sale of the Bonds, the City Comptroller shall file in the office of the City Clerk a notification of sale directed to the City Council setting forth the aggregate principal amount of Bonds sold and the initial interest rate borne by the Bonds, together with an executed copy of the Official Statement, the Contract of Purchase, the Indenture, the Credit Agreement and the Remarketing Agreement.

SECTION 16. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of the City of Chicago, or part thereof, is in conflict with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling. If any section, paragraph, clause or provisions of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

This ordinance shall be published by the City Clerk, by causing to be printed in pamphlet form at least 100 copies hereof, which copies are to be made available in his office for public inspection and distribution to members of the public who may wish to avail themselves of a copy of this Ordinance, and this Ordinance shall be in full force and effect from and after its adoption, approval by the Mayor and publication as provided by law.

[Bond Purchase Agreement and Application for Irrevocable Standby Letter of Credit, Remarketing Agreement and Trust Indenture omitted for printing purposes but on file and available for public inspection in Office of the City Clerk.]

APPOINTMENT OF MR. ERNEST G. BAREFIELD AS MAYOR'S
ADMINISTRATIVE ASSISTANT APPROVED.

On motion of Alderman Evans, the City Council took up for consideration the report of the Committee on Finance Deferred and published in the Journal of the Proceedings of November 13, 1986, page 36674, recommending that the City Council approve the appointment of Ernest G. Barefield as the Mayor's Administrative Assistant.

On motion of Alderman Evans, the committee's recommendation was *Concurred In* and said appointment of Ernest G. Barefield as the Mayor's Administrative Assistant was *Approved* by yeas and nays as follows:

Yeas -- Aldermen Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Majerczyk, Carter, Langford, Streeter, Kelley, Sherman, Garcia, Henry, Gutierrez, W. Davis, Smith, D. Davis, Mell, Frost, Giles, Natarus, Oberman, Hansen, Volini, Orr -- 28.

Nays -- Aldermen Huels, Madrzyk, Burke, Kellam, Sheahan, Krystyniak, Soliz, Hagopian, Santiago, Gabinski, Kotlarz, Banks, Cullerton, Pucinski, McLaughlin, Schuler -- 16.

MISCELLANEOUS BUSINESS.

Rules Suspended -- COMMENDATIONS EXTENDED TO WORK CREWS
FROM DEPARTMENT OF SEWERS AND FIRE FIGHTERS
FROM ENGINE COMPANIES 60 AND 61 FOR
HEROIC EFFORTS.

Alderman Evans moved to *Suspend the Rules Temporarily* to permit immediate consideration of and action upon a proposed resolution. The motion *Prevailed*.

The following is said proposed resolution:

WHEREAS, On the morning of November 24, 1986 a 211 fire erupted at a sixty unit multi-family structure located at 5411 S. Ellis; and

WHEREAS, While fire fighters from Engine 60, Truck 37 and Engine 61, Truck 15 were in route to the blaze, work crews in the area employed by the City of Chicago's Department of Sewers, namely Mr. Robert Coles, Mr. Tom O'Connell, Mr. Tommy Webb and Mr. Robert McDoarrah rushed to the scene of the fire and risked their lives to rescue a small child and another resident of the building from the fire in progress; and

WHEREAS, Upon arrival at the site, the fire fighters from Engine 60, Truck 37 and Engine 61, Truck 15 worked skillfully and expeditiously to escort many of the residents to safety and to arrest the blaze; and

WHEREAS, New fire fighter recruit candidate Patrick Bruce exhibited outstanding determination, leadership and courage as he battled the blaze and provided assistance to the residents; now, therefore,

Be It Resolved, That we, the Mayor and members of the City Council gathered here this 24th day of November do hereby commend the work crews from the Department of Sewers and the fire fighters from Engine 60, Truck 37 and Engine 61, Truck 15 on their heroic efforts and exemplary service and assistance to the community; and

Be It Further Resolved, That a suitable copy of this resolution be presented to the workers in the Department of Sewers and Department of Fire.

On motion of Alderman Evans, the foregoing proposed resolution was *Adopted* by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schuler, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

Time Fixed for Next Succeeding Regular Meeting.

By unanimous consent Alderman Evans thereupon presented a proposed ordinance which reads as follows:

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. That the next succeeding regular meeting of the City Council of the City of Chicago to be held after the meeting held on Monday the twenty- fourth (24th) day of November, 1986, at 12:00 P.M. be and the same is hereby fixed to be held on Wednesday, the twenty-six (26th) day of November, 1986, at 1:00 P.M., in the Council Chamber in City Hall.

SECTION 2. This ordinance shall take effect and be in force from and after its passage.

On motion of Alderman Evans the foregoing proposed ordinance was *Passed*, by yeas and nays as follows:

Yeas -- Aldermen Roti, Rush, Tillman, Evans, Bloom, Sawyer, Beavers, Humes, Hutchinson, Huels, Majerczyk, Madrzyk, Burke, Carter, Langford, Streeter, Kellam, Sheahan, Kelley, Sherman, Garcia, Krystyniak, Henry, Soliz, Gutierrez, W. Davis, Smith, D. Davis, Hagopian, Santiago, Gabinski, Mell, Frost, Kotlarz, Banks, Giles, Cullerton, O'Connor, Pucinski, Natarus, Oberman, Hansen, McLaughlin, Orbach, Schulter, Volini, Orr, Stone -- 48.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

At this point in the Proceedings, the Honorable Harold Washington, Mayor, relinquished the Chair to President Pro Tem. Alderman Eugene Sawyer.

Referred -- BIDS FOR SALE OF CITY-OWNED PROPERTY.

The City Clerk transmitted communications from Ronald D. Picur, City Comptroller, under date of November 21, 1986, which read as follows:

Transmitted herewith 2 Sealed Bids. These bids were submitted in response to advertisement for sale of City-owned property at 2266 -- 2268 South Blue Island Avenue, which was authorized by ordinance passed May 14, 1986 and printed on pages 29891 -- 29892 of the Council Journal.

Transmitted herewith 1 Sealed Bid. This bid was submitted in response to advertisement for sale of City-owned property at 2413 South Central Park Avenue, which

was authorized by ordinance passed March 12, 1986 and printed on pages 28564 -- 28565 of the Council Journal.

Transmitted herewith 1 Sealed Bid. This bid was submitted in response to advertisement for sale of City-owned property at 9026 -- 9028 South Dobson Avenue, which was authorized by ordinance passed November 23, 1983 and printed on page 3592 of the Council Journal.

Transmitted herewith 1 Sealed Bid. This bid was submitted in response to advertisement for sale of City-owned property at 3010 -- 3014 West Flournoy Street, which was authorized by ordinance passed March 12, 1986 and printed on page 28566 of the Council Journal.

Transmitted herewith 1 Sealed Bid. This bid was submitted in response to advertisement for sale of City-owned property at 3042 West Flournoy Street, which was authorized by ordinance passed March 12, 1986 and printed on page 28567 of the Council Journal.

Transmitted herewith 2 Sealed Bids. These bids were submitted in response to advertisement for sale of City-owned property at 2040 South Halsted Street, which was authorized by ordinance passed May 14, 1986 and printed on page 29890 of the Council Journal.

Transmitted herewith 1 Sealed Bid. This bid was submitted in response to advertisement for sale of City-owned property at 7815 South Lowe Avenue, which was authorized by ordinance passed May 14, 1986 and printed on page 29894 of the Council Journal.

Transmitted herewith 1 Sealed Bid. This bid was submitted in response to advertisement for sale of City-owned property at 1404 South Pulaski Road, which was authorized by ordinance passed January 16, 1986 and printed on page 26278 of the Council Journal.

Transmitted herewith 1 Sealed Bid. This bid was submitted in response to advertisement for sale of City-owned property at 1410 South Pulaski Road, which was

authorized by ordinance passed January 16, 1986 and printed on page 28574 of the Council Journal.

Transmitted herewith 1 Sealed Bid. This bid was submitted in response to advertisement for sale of City-owned property at 1520 North Throop Street, which was authorized by ordinance passed November 23, 1983 and printed on pages 3612 -- 3613 of the Council Journal.

Transmitted herewith 1 Sealed Bid. This bid was submitted in response to advertisement for sale of City-owned property at 3442 South Western Avenue, which was authorized by ordinance passed March 12, 1986 and printed on pages 28575 -- 28576 of the Council Journal.

On motion of Alderman Kellam the bids submitted with the foregoing communications were ordered opened and read and were then *Referred to the Committee on Land Acquisition, Disposition and Leases.*

The following is a summary of said bids:

2266 -- 2268 South Blue Island Avenue.

Douglas Desnica, 211 South Clark Street, No. 929, Chicago, Illinois 60690: Amount bid \$2,500.00, deposit check \$250.00 (money order);

Ricardo A. Melara, 1112 West 19th Place, Chicago, Illinois 60608: Amount bid \$7,520.00, deposit check \$752.00 (money order);

2413 South Central Park Avenue.

Robert Olvera, 2417 South Central Park Avenue, Chicago, Illinois 60623: Amount bid \$3,500.00, deposit check \$350.00 (personal money order);

9026 -- 9028 South Dobson Avenue.

Pamela Fredericks, 9220 South Union Avenue, Chicago, Illinois 60620: Amount bid \$5,800.00, deposit check \$580.00 (personal money order);

3010 -- 3014 West Flournoy Street.

Chicago Tag & Label, Inc., c/o F. Paul Valenti, Jr., 3049 West Harrison Street, Chicago, Illinois 60612: Amount bid \$5,050.00, deposit check \$505.00 (certified check);

3042 West Flournoy Street.

Chicago Tag & Label, Inc., c/o F. Paul Valenti, Jr., 3049 West Harrison Street, Chicago, Illinois 60612: Amount bid \$2,050.00, deposit check \$205.00 (certified check);

2040 South Halsted Street.

Robert H. Brennan, 1925 South Grove Street, Chicago, Illinois 60402: Amount bid \$501.00, deposit check \$50.10 (money order);

Nora M. De Francisco, 2038 South Halsted Street, Chicago, Illinois 60608: Amount bid \$1,010.00, deposit check \$101.00 (money order):

7815 South Lowe Avenue.

First Greater Bethlehem Missionary Baptist Church, Inc., 7814 South Lowe Avenue, Chicago, Illinois 60620: Amount bid \$2,750.00, deposit check \$275.00 (cashier's check);

1404 South Pulaski Road.

Robert E. Booker, 8222 South Winchester Avenue, Chicago, Illinois 60620: Amount bid \$1,300.00, deposit check \$130.00 (certified check);

1410 South Pulaski Road.

Robert E. Booker, 8222 South Winchester Avenue, Chicago, Illinois 60620: Amount bid \$1,800.00, deposit check \$180.00 (certified check);

1520 North Throop Street.

Louis Puig, Jr., c/o Herbert Silton, 77 West Washington Street, Chicago, Illinois 60602: Amount bid \$5,501.00, deposit check \$551.00 (cashier's check);

3442 South Western Avenue.

Joan Thorington and Emily Staschke, 3442 South Western Avenue, Chicago, Illinois 60608: Amount bid \$4,511.00, deposit check \$451.10 (certified check).

Adjournment.

Thereupon, Alderman Evans moved that the City Council do *Adjourn*. The motion *Prevailed* and the City Council *Stood Adjourned*, to meet in regular meeting on Wednesday, November 26, 1986, at 1:00 P.M. in the Council Chamber in City Hall.

A handwritten signature in cursive script, reading "Walter S. Kozubowski".

WALTER S. KOZUBOWSKI,
City Clerk.